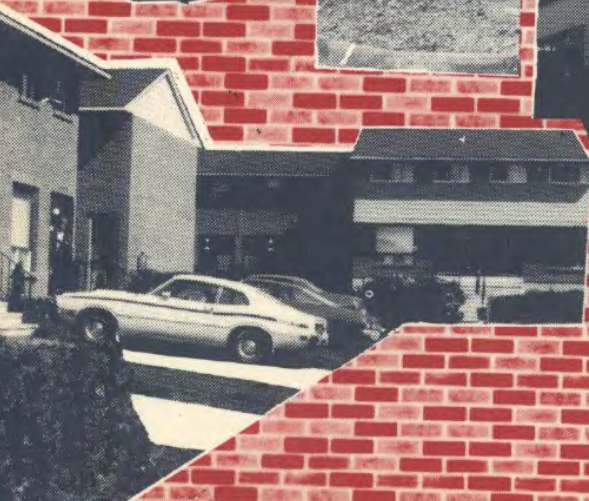
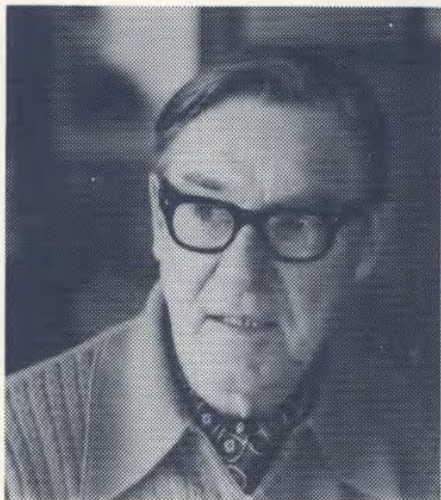


HOUSING YOU CAN AFFORD

by Alexander F. Laidlaw





Alexander F. Laidlaw, a native of Port Hood, Nova Scotia, developed his interest in the cooperative movement in the early 30's while teaching in Cape Breton.

He worked as school principal, inspector of schools and secretary to the Nova Scotia Department of Education before joining St. Francis Xavier University, Antigonish, as associate director of the Extension Department.

During the 40's and 50's Dr. Laidlaw took part in many programmes for the promotion of adult education and co-operatives and in 1958 became general secretary of the Co-operative Union in Canada. He also served on the board of directors of Central Mortgage and Housing Corporation for three terms, 1958-1968.

His experience in cooperative organization includes work in India, Ceylon (now Sri Lanka), Nigeria and study of cooperative development in many other countries. He has also been a member of the executive committee of the International Cooperative Alliance, the World Federation of National Co-operative Movements, with headquarters in London.

Dr. Laidlaw has received several awards in Canada and the U.S.A. for work in the field of cooperative education, and the people who live in one large housing cooperative in Canada have named a street after him.

Housing You Can Afford offers one solution to a serious problem facing a significant number of Canadians. Alex Laidlaw has spent a lifetime educating people about the co-operative way to solving problems, and in this book he presents a sound argument for the cooperative approach to people getting housing at a reasonable cost.

The book tells the story of cooperative housing in Canada and gives numerous examples of housing co-ops in all parts of the country. Along with convincing explanation of co-operative philosophy as applied to housing, there is plenty of practical advice and the all-important information needed to get a housing co-op started.

There are more than two dozen photographs showing housing co-ops of various kinds: apartments, town houses and other modern compact designs. Also included are check lists and sources of information and guidance for readers who are interested in forming a housing co-operative.

Alex Laidlaw explains in a clear and direct style how you can use the cooperative way to get housing you can afford.

Housing You Can Afford

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HOUSING YOU CAN AFFORD

Alexander F. Laidlaw

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DEDICATED TO
two groups of pioneers
of cooperative housing in Canada:
first, the men and women of Tompkinsville
in Reserve Mines, Cape Breton, Nova Scotia,
who led the way in self-help action for
cooperative construction of family houses;
and second, the group who organized the
Cooperative Housing Association of Manitoba
and were responsible for the building of
Willow Park in the City of Winnipeg,
the first continuing
housing cooperative in Canada.

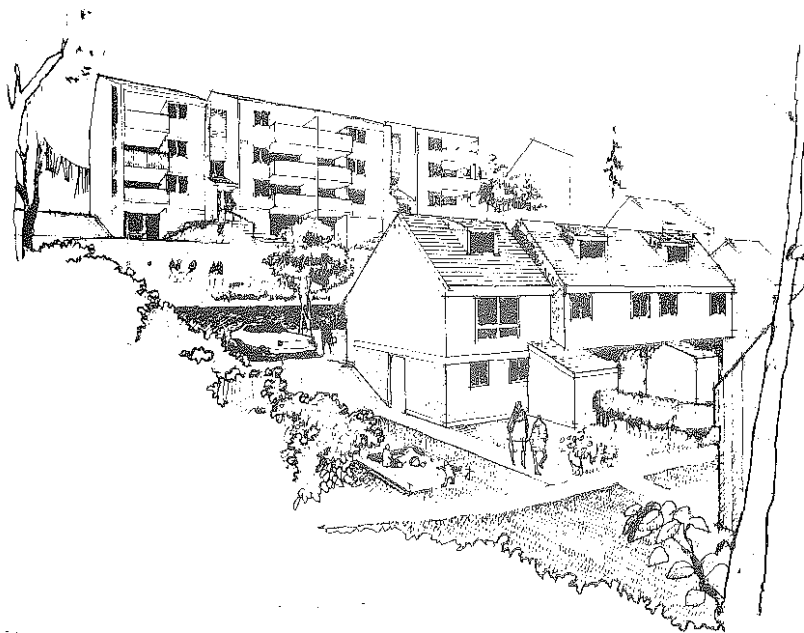
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ASPEN WOODS, BRANDON, MANITOBA

Homes for people! A principle basic to co-op housing is that the people who live in buildings own and operate those buildings. The artists design concept for new homes at Aspen Woods, a co-op housing project of 91 units to be built at Brandon, Manitoba CMHC approval for the project has been given, the sod-turning ceremony has taken place and construction is due to begin in Spring 1977.

Foreword

Of all the changes that have shaken Canadian society in the past decade, probably none has been more profound and shattering than those we have witnessed in the field of housing. When we think back to the assumptions and conditions that surrounded housing in the mid-1960's, we feel half a century away from 1976.

Ten years ago, most public officials imagined that Canadians had the best possible housing system in the world. The great majority of the population, it was assumed, could be well housed by pushing suburbia farther and farther beyond the cities. Everyone, we were told, should aspire to ownership of a detached house, and would be assisted to this end by public policy and public funds. Housing development would be dictated largely by the availability of mortgage money and the conventions of the market system. Public housing would take care of those who could not "make it" and would in any case be kept to a minimum.

As for urban planning, ten years ago we were still in the age of the bulldozer — simply knock down what was deteriorating or considered old and ugly, and build afresh with a highrise, a shining temple of the new age, consecrated to modern business and technology. What happened to people and human relationships in the process was a rather secondary matter. Moreover, rehabilitation of existing houses and neighbourhoods was messy and not highly profitable.

But even before the end of the 60's, it was evident that these assumptions had to be questioned, and in any case they were going to be opposed by social activists with quite different views of what the human habitat ought to be. For the first time, ordinary citizens, young people, housewives, consumers and laymen, as opposed to business people and professionals in the field of housing, began to intervene in the planning process and in policy-making. What became known as the "Third Sector" in housing began to emerge — the housing sector

that represents the voice and needs of consumers rather than the views and aims of the producers of housing. Furthermore, social scientists began introducing "the right to housing" as a new concept into our thinking of the ideals for a just and democratic society.

On top of this fundamental reversal in the folkways of housing came other changes, financial, political and conceptual. Inflation and soaring interest rates began to wipe out some of the most cherished assumptions about acquiring a home and who could afford home-ownership. Provincial governments, sometimes reluctantly, began to make up for their previous default in the field of housing and municipal administrations began to take a more positive role instead of relying largely on the initiative of developers and builders. Public bodies, though belatedly, started to see the need for new policies for the control of urban land. The condominium form of housing was introduced and began to be recognized in both provincial and federal legislation. Finally, sweeping changes were made in the National Housing Act in the late 60's and early 70's.

All of this adds up to a virtual revolution in housing and human settlement in Canada, even though there are some who do not yet recognize it and many who would oppose it. But whether we like it or not, many of the assumptions about housing which were current in Canadian society only a short decade ago are no longer valid, and the quicker they are discarded the sooner this nation will be on the road to what too many imagined we had all along: a housing system for all Canadians.

This book puts forward the argument for an innovation that began to appear in Canada a little over ten years ago: the non-profit continuing housing cooperative. It is based on the simple premise that people should own the housing in which they live, but since individual ownership of a single house is fast becoming a hopeless prospect for the great majority, then it had better be group ownership of attractive and affordable multiple housing.

This new idea in housing is based on the belief that no individual has a right to unearned increment in land and shelter, and that no one can extract a profit which someone else does not have to pay. Moreover, housing co-ops represent the ultimate in consumer control: the opportunity for citizens to participate in deciding the kind of

housing, the type of neighbourhood and the quality of life to which they aspire.

This book has been written mainly for the benefit of consumers, especially those who are in trouble over housing but who are willing to plan with friends, neighbours and fellow citizens how they together can act to get secure accommodation and create a desirable and attractive community to live in. It is also for the policy-maker, the official who has a hand in determining housing programs, and also the general reader who recognizes that the housing environment has an all-pervasive influence on the quality of life.

The viewpoint and proposals of this book are based on the concepts and methods of the cooperative system, the basis of which is far older than recorded history, for it was discovered when human beings first learned to work together in harmony instead of destroying one another in never-ending conflict over control of resources. It aims to describe and explain how the cooperative form of business organization is being applied to housing in various parts of Canada.

An early form of cooperative housing familiar to many readers will not be treated in this book. It is the "building co-op" for construction of separate houses, built largely by the personal labour of individuals in a small group. This is a temporary kind of cooperative, set up for a limited time, through which the members secure individual home-ownership by self-help and "sweat equity". It is still a valuable form of cooperative action in some parts of Canada but is not likely to become a major factor in the larger urban areas.

Though one chapter is given over to the how-to-do-it questions concerning housing cooperatives, this book is not a technical manual on how to carry out a project from start to finish. It deals with the *why* of cooperative housing rather than the *how*, but several guide-books on procedure and method will be found in the reference list and the appendices at the end.

Since this is not intended as a book for scholars, a full bibliography on cooperative housing is not given, but rather a short reference list that may be helpful to the general reader.

The author will not attempt the impossible task of remembering

and thanking all the men and women who helped him at various times in the preparation of this book, but he does wish to record his indebtedness to a great many persons, particularly the members of existing co-ops, who have given proof of the ideas to be found here. Some years ago, a writer on cooperatives abroad said that "the best form of cooperative propaganda is always the quiet example of successful societies." Much of the material as well as the encouragement for this book is taken from the experience of the more than 100 housing cooperatives already started in Canada.

Ottawa, Canada
November, 1976

Alex Laidlaw

Chapter 1



Housing: A Crisis For Many Canadians

The necessities of life are water, bread and clothes, and a home with its decent privacy.

Ecclesiasticus 29, 21

Housing is clearly one of the most important things in life, and there is no one who can truthfully claim to be unaffected — in one way or another, for better or for worse— by the way he is housed. Housing is, of course, much more than just a house or shelter; it is the total environment in which each of us happens to live, including the interior space of a home, with its conveniences and comforts, or the lack of them, the neighbourhood and its opportunities for recreation and outdoor activities, and the public services available in the general area. It is sometimes said that we are what we eat. With equal truth it might be said that we behave as we are housed.

Housing is also one of the most complex problems of our society, for it touches on social as well as economic matters, on personal as well as family questions, on racial and class prejudices, on government policies, on local and municipal customs, and on the intricate workings of the economic power structure. Indeed, there is hardly an aspect of modern life that is not somehow and in some way connected with housing. It is, therefore, an impossible task to consider the problem of housing as an isolated issue or to try and solve it by itself. Housing is a universal problem, in the technologically advanced, rich countries of the world as well as in the underdeveloped, poor countries, and no nation on earth can claim that the task of housing its people has been completely and finally solved.

The whole problem of housing is further complicated by the fact that it has certain unique features and aspects that make it quite special. More than any other possession, housing depends on location

for its value or cost. Indeed, location alone may be the biggest factor of all in deciding the value of a house and what we will pay for shelter. For, although a dollar generally buys about the same amount of food anywhere in Canada (except for such obvious exceptions as the Far North), a given number of dollars spent on housing may buy either a great deal or a very little, depending on where it is spent.

Similarly, most possessions tend to depreciate as they are used or wear out. But real estate and housing generally tend to increase in value, especially in recent times. Only old violins, works of art, rare wines and houses become more valuable with age. The land component in housing has its own special economic characteristics, since it represents one of the few fields of endeavour in which someone can make a living, or even a considerable fortune, by doing nothing but biding his time.

Unlike most other items purchased for consumer use, a house generally has a high investment value, and so the owner looks upon a home as both shelter and a form of investment with the prospect of substantial capital gain. Everyone who now owns a home in Canada (and, at the time of writing, this applies to almost half the Canadian population) expects to make a profit varying from a comfortable gain to a "killing" when he decides to put that home on the market. It has, therefore, become so easy for half the population (those who own some form of housing) to make money at the expense of the other half (the have-nots), that fundamental changes in the housing problem are not likely to come about easily or for a long time. Consequently, this is a field in human endeavour in which, although the answers for most if not all of the problems are known and well recognized, applying the solution will never be easy. There are far too many people with strong vested interests in the present system for change to come easily.

As if the economic complications were not enough, our housing problems are also heavily overlaid with social considerations, class feelings, racial prejudices and snobbery. In the arrangement of urban neighbourhoods, housing is the means by which we, as a society, sort ourselves out, generally according to income but also on the basis of class or racial origin. For the poor, bad housing is often a badge they must wear, proclaiming their poverty; for the well-to-do, prestige housing in a prime location serves as a mark of their wealth and social status. Indeed, our manner of housing, as much as any other single

aspect of living, has come to be a part of our culture. Owning one's own home is a mark of first-class citizenship and respectability, while renting accommodation is often regarded as a second-class way of obtaining shelter.

Legal provisions and tax measures also frequently favour home-owners and discriminate against tenants and rental housing. In our time, the financing of home ownership has brought respectability to the once onerous field of mortgages. In earlier days, a mortgage was the sure sign of a spendthrift, a wastrel, or a business failure. Today, it is both a status symbol and an index of credit-worthiness that can be worn with pride. And, even though a homeowner may have as little as a ten per cent interest in a dwelling, the folkways of housing give him the feeling that it is much more dignified to be making payments to a mortgage company than to be paying rent to a landlord. Similarly, as another example of the contradictions inherent in this type of reasoning, the middle-class Canadian who has been assisted and subsidized by government in various hidden ways in buying his home, often scorns the low-income family which is assisted and subsidized by government through public housing. And, strangely enough, the average middle-class Canadian home-owner sees nothing irrational in this attitude.

In short, whether we look at housing as a business enterprise, a social organization or an arrangement of the urban environment, it is easily one of the most confusing and frustrating aspects of living nowadays. No wonder many citizens see housing as one of life's toughest problems, and one that can never be solved by individual initiative alone.

The Dollars and Cents of the Housing Crisis

In some parts of Canada, and for many Canadians, the problem of housing has reached what is often called crisis proportions, which simply means that many people are becoming desperate about the housing situation and can see no hope of ever getting decent housing which they can afford. At the same time, there are some politicians, economists and bureaucrats who insist that there is no crisis, and who offer confusing statistics that purport to explain why the housing problem is greatly exaggerated.

But this does not change the fact that for many Canadians their housing problem has become a crisis; and not simply because they do not have adequate homes, but in many cases because housing is costing them more than they can bear, taking too big a slice of their income. And if they do not own a house, but are tenants in rental housing, unwarranted rent increases (which rent-control legislation has failed to protect them against) may be escalating tenancy costs beyond their means.

Before going further, let us reflect that housing has always been something of a crisis for the weakest members of society. For the poor, housing is just one crisis in a lifetime of crises; it is really nothing new to them. The native peoples of Canada, generally speaking, have never known anything but a crisis, and in the past they, too, accepted crisis as normal. Blacks and other minority peoples have always had to live with a housing crisis. But it is only when the great Canadian middle-class is at last feeling the pinch and beginning to find housing a major problem, that our newspapers refer to the situation as a crisis. The family living in Toronto or Vancouver today with an annual income of \$15,000 or even \$20,000 is feeling some of the pain and frustration that the family with \$2,000 a year felt twenty years ago.

How many Canadians or what proportion of the population they represent is difficult to say with certainty. We know, of course, that a large number of Canadians are well housed, and that a very large proportion of these are among the best housed people in the world. At the other end of the scale, however, at least a third of all Canadians have housing problems, and about half of these are in deep trouble. In short, although the majority of Canadians have done pretty well for themselves in the matter of housing, a sizable minority have fared badly under the present system.

If housing is a national problem, Canadians are not sharing the burden of it fairly. One family's difficulties become another's bonanza; one person's troubles become another's chance for a ripoff. And this situation, it would appear, is going to be with us for a very long time. In many places it can only get worse. In no other aspect of Canadian society is the gap between the haves and the have-nots more apparent, and in no other aspect is it more difficult to narrow down.

But who are these have-nots? If there is to be any hope of improvement and change, we must first know who they are. On the first level, of course, are the poor, all people of low and inadequate income. No less an authority than a committee of the Senate tells us bluntly that "one Canadian in four (25 per cent!) lives in poverty." Add to this grim statistic the fact that, in any part of Canada where housing is in short supply, it is not at all uncommon for poor people to pay half their income for shelter. This leads some economists to argue that there is no housing problem in Canada, only an income problem. But this line of reasoning is not much help to those who can't afford to keep a decent roof over their heads. We must find a better answer for them.

Then, in addition to the people of low income, the aged who live on the fixed incomes provided by pensions; the tenants who live under the threat of skyrocketing rents; the young couples who can't see their way clear to owning their dreamhouse (the average house price in Toronto in 1975 was over \$57,000); the families that need two incomes to keep up mortgage payments; all those who suffer from some form of discrimination or social handicap; and, in some cases and situations, people who can't get proper housing because it simply doesn't exist.

But the biggest single hurdle standing in the way of decent housing for all Canadians is, no doubt, lack of income. And the stark figures for income distribution (as compiled by Statistics Canada) tell the story better than any other way. In 1974, the total income of all Canadians was distributed as follows among the population by fifths (20 per cent of the total):

1. The highest 20 per cent received 42.4 per cent of the total income.
2. The next 20 per cent received 25.0 per cent of the total income.
3. The middle 20 per cent received 17.8 per cent of the total income.
4. The next lower 20 per cent received 10.8 per cent of the total income.
5. The lowest 20 per cent received 4.0 per cent of the total income.

According to these figures, the two highest groups —the real "haves" in Canadian society— received 67.4 per cent or over

two-thirds of all distributed wealth in 1974, while the two lowest groups — the poor and almost poor — received only 14.8%. If we can image \$1 million being handed out to 100 people according to these proportions (an average of \$10,000 each if distributed equally), we would see 20 people at the upper end of the scale receiving \$424,000 (for an average of \$21,200 each), while 20 people at the lower end would receive only \$40,000, or an average of only \$2,000 each!

Here it should be noted that the figure of 4 per cent of all income going to people in the lowest category has not changed much over the years. In fact, it has dropped a little, since the figure for the poorest fifth was closer to 5 per cent about fifty years ago. In other words, over the past half-century there has been little basic structural change in the distribution of our wealth and resources, for although the figures quoted above show income distribution before income tax, the fact is that various welfare measures and forms of assistance designed to help the poor do little to counterbalance the great number of advantages enjoyed by the well-to-do at the other end of the scale.

Now, assuming that we have a crisis, or whatever we choose to call it, in Canadian housing at present, with the result that getting shelter is more difficult now than it was as recently as twenty years ago, many people must surely be asking themselves "Why?" With the abundance of resources and affluence in Canada today, why should housing have become harder rather than easier to obtain?

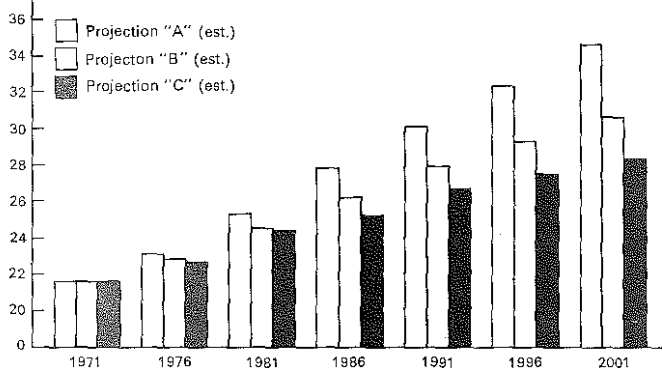
In the following chapters we will be looking at a variety of answers to this question, but at this point it should be observed that there is no one cause for the crisis; instead, there are a great many causes, influences and forces at work together. For example, almost total dependence, until recently, on the market system — the workings of the law of supply and demand — has caused neglect of the poorer members of society. Housing policies in this country have long operated as an inverted pyramid, heavy at the top and tapering down to a point at the bottom. Successive governments have regarded housing as an industry, using it to regulate the economic machine by oiling it when things slow down and letting it go dry when the economy seems to be running too fast. Interest rates have been allowed to climb to levels undreamed of even ten years ago. And here a rough rule-of-thumb can be mentioned: every increase of one per

Table 2 Household Requirements for Major Canadian Cities and Canada 1971-2001 (Thousands)

Census Metro Area	No. of Households and Occupied Stock Required				
	1971	Increase (est.)	1986	Increase (est.)	2001
Vancouver	347	+ 341	688	+ 62	750
Calgary	121	+ 142	263	+ 37	300
Edmonton	144	+ 147	291	+ 39	330
Winnipeg	167	+ 82	249	+ 41	290
Hamilton	147	+ 90	237	+ 43	280
Toronto	776	+ 732	1508	+ 192	1700
Ottawa-Hull	172	+ 159	331	+ 39	360
Montreal	808	+ 456	1264	+ 36	1400
Quebec	128	+ 113	231	+ 19	250
Total 9 Cities	2810	+2252	5062	+ 598	5660
Canada	6063	+3365	9428	+1072	10,500

Source: Central Mortgage and Housing Corporation.

Chart 4 Canada—Projections of Population 1971-2001
(Millions)



CANADA'S FUTURE HOUSING NEEDS

Rapid urbanization, coupled with the need to preserve good agricultural land, is going to force Canadians to surrender some traditional ideas about housing, especially the belief that every family can have a single, detached house on a conventional lot. [Charts courtesy of Canadian Imperial Bank of Commerce, Commercial Letter, No. 4, September, 1976].

cent in the interest rate increases the final cost of housing by about ten per cent. So, the steep rise in interest rates from the 6 to 7 per cent level, which was common in the mid-1960's, to the 11 or 12 per cent rates that presently prevail, probably accounts for about one-half of the increased cost of housing. Our way of treating land (which will be discussed in a separate chapter) is another prime factor, since the cost of land has been shooting upwards at such a rate that it now accounts for as much as one-third of the final cost of a dwelling.

A long list of other reasons can be heaped on these: municipal requirements for land development and housing; the cost of labour and materials; our historical dependence on the most costly form of housing — the detached house on its own separate lot; and always the unbridled drive for profit-taking which has been allowed to run free and unfettered in the housing business for many years. Fortunes have been made and millionaires created almost overnight in land and housing, and as a wise writer (Montaigne) so aptly said many years ago: "no profit can be made except at another's expense." In any case, no matter who or what is to blame, the result is the same: Canadians end up with the most expensive housing in the world, and that is bleak comfort to the average person or family looking for housing today.

What This Book is About

This book offers an explanation of a new and quite different form of housing that can serve as an alternative for many Canadians and their families. This alternative is the cooperative way: people approaching the housing problem as a unified group, rather than as isolated individuals. Traditionally in Canadian society, individuals or families went out in search of housing either to buy or rent, and they tended to work their way through the existing system largely alone and separately to get what they wanted and could afford. Housing was strictly an individual and very private matter which one tried to cope with on one's own. In a cooperative, the search becomes a group responsibility; the housing is obtained and managed by the group; and it is owned collectively by those who occupy it. What the individual or family undertakes alone in the ownership of a single dwelling, a group of people, whether large or small, undertake together in a housing cooperative. The word "cooperative" simply means "together" (co) and "acting" (operate) or acting together — the very foundation of a

cooperative organization. What one cannot do alone or finds very difficult, may be done with much less difficulty and more rationally by a group of people who have similar goals.

Now, although the means and methods of cooperative housing will be explained as we go along, one particular point should be clearly understood at this point: this book discusses a very special kind of cooperative that provides a very different kind of housing; for it will be non-profit, that is, the individual members of the cooperative are not permitted to make personal gain in the sale or transfer of housing. The purpose of this kind of cooperative is not to build an investment, but only to provide housing as economically as possible.

Ideally, the cooperative way means doing business without taking toll from anyone. A non-profit housing cooperative, therefore, is a collective form of housing which never exacts a toll from anyone, and requires from occupants (members) only that each one will pay his or her share of the costs. We should realize at once, before going further, that this is obviously quite a revolutionary concept in Canadian society. Not making a profit from housing —how absurd!

Another basic concept that must be explained at the outset is the difference between a cooperative for group ownership of a housing project on a continuing basis, and a building cooperative, a more or less temporary organization for the construction of houses to be owned individually. The latter type of organization, which is quite common in some parts of Canada, chiefly the Atlantic provinces, is a valid and indeed excellent way for a small group of people to get together for the construction period and help one another to build houses as economically as possible. A building co-op is essentially a short-term affair, and is still suitable particularly to smaller places where people are able to do some of the construction work themselves. It is simply another way of attaining conventional home-ownership.

But a housing cooperative is, in contrast, a long-term organization that will continue into the future, presumably for as long as the housing lasts. This type of cooperative is more suited to larger towns and cities, and the members will, normally, do none of the work. The objective is not individual ownership, as in a condominium, but occupancy rights to accommodation appropriate for one's personal or family needs. In a non-profit housing

cooperative, there is no dual purpose of shelter and investment, only the single purpose of obtaining adequate shelter in a community setting.

A housing cooperative is a modern example of the rising tide of consumerism; it is the end result of the consumer viewpoint. Most of the housing in today's urban regions was planned and put in place under a market system that has been, and still is, dominated by producers. Traditional rental housing is also managed and controlled by individuals and organizations who are not the actual users or occupants. The whole market-place has long been dominated by the producer side: owners of land, developers, builders, mortgage lenders, real estate firms, financiers, architects, planners and professionals. Government policy has, for long years, been weighted in favour of those who produced housing and municipal regulations and arrangements were often dictated by the producers, while the consumers who paid the piper had little to say. Housing has traditionally been a field in which citizens have had only a feeble voice and minimal control, and so when a group of people get together today to protest or to attempt to exert some influence in the housing field, it not only makes headlines, it is often reported as if it were an astonishing, perhaps even vulgar, event.

The various entrepreneurs and professionals who operate on the producers side of the housing field are, of course, necessary for the production of housing, even cooperative housing, but cooperative action attempts to counteract their control with control by consumers. Those who use accommodation by living in it cooperatively become the strongest possible voice of consumerism in housing.

The Cooperative Idea

In the first part of this book we shall examine the idea of cooperatives, what they are, and what they are not. Most Canadians are familiar with some kind of cooperative, perhaps a farmers' cooperative or a credit union. The cooperative way of doing things is not something alien to our society. In fact, when one realizes that as many as three million Canadians are members of some form of cooperative, and that people have been organizing cooperatives in different parts of Canada since before Confederation, it is easy to see



PARC BEAUSOLEIL, OTTAWA

An example of a continuing housing cooperative in "Lower Town East" in the National Capital. This attractive group of 54 homes was built in an urban renewal area on land leased from the City of Ottawa.

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why cooperatives have become an important factor in some segments of the Canadian economy.

But the cooperative housing concept itself is still relatively new in Canada: the first building cooperative was organized in Nova Scotia about thirty-five years ago; and the first continuing housing cooperative (the kind with which we deal here) is only a little more than ten years old. The cooperative is, therefore, a new approach to housing that is still in the pioneering stage in Canada, just as credit unions were forty years ago, or as condominiums were only five years ago. But the cooperative movement in housing is much older and well established in other parts of the world, and in some countries of Europe, for example, cooperatives have become the normal and accepted way of housing for a large proportion of the population in some places, and the majority of the population in others.

A word of warning: not all housing projects labelled "co-op" are actually cooperative. The word has often been abused and its meaning twisted. For example, the wealthy people who speak of "buying a co-op" in a luxury apartment building are not speaking the language of this book. Moreover, those who refer to a condominium as "a kind of cooperative" are likewise in error. A condominium is a new form of housing in Canada, well accepted and satisfactory in many situations, but it is not a cooperative. And that statement is not intended to downgrade the condominium in any way; it is simply an attempt to emphasize that the two types of housing are totally different.

This book presents non-profit continuing housing cooperatives as an alternative form of housing that Canadians may select as their preferred way of obtaining shelter, accommodation and a satisfying living environment. This book is intended mainly for those who are presently looking for housing, and for those who want something different in their housing. But it is especially directed to those who are now living as tenants and want to be free of the conventional landlord-tenant relationship, or those who now own a home and are finding home-ownership a burden to carry. We could have called this book "Cooperatives: The Alternative for Many Canadians."

An ancient tale is told of a ship that was becalmed during a coastal voyage. The water supply was running short and finally became

exhausted. And although the crew were dying of thirst, they dared not drink the salty ocean water all around them. Finally when the end was very near for the crew, some natives paddled close to the ship. Realizing the desperate plight of the crew, the natives made signs to them to let down their buckets into the sea. The men aboard at first refused, but were at last persuaded to try. They hoisted up their buckets, tasted the water and found it to be fresh. Their ship had been becalmed at the mouth of a great river that poured fresh water into the ocean for miles around them. Throughout their ordeal, they had literally been floating on a sea of life-giving fresh water and had not known it!

For those who are thirsty, figuratively speaking, for housing, this book has a simple message: let your buckets down into the sea of new ideas, and try the fresh water of cooperative action. Many have found it delightfully refreshing, and some have found it to be a life-saver. The cooperative way is all around us. Try it.

Chapter 2



A Roof Over Your Head

"...the Canadian housing objective: good housing for every Canadian at a price he can afford, in a secure and satisfying community environment."

CMHC President, speaking
in Toronto, April 10, 1974.

Nobody can quarrel with this statement as an objective of Canadian housing policy. It is the ideal towards which the whole nation should be planning and moving. Note the three basic elements in the objective: 1) good housing, 2) people paying what they can afford, and 3) a satisfying community setting. This is the long-range goal we shall have in mind throughout this book.

Canadians will not be able to move quickly enough towards this objective unless we realize in the first place how far we are from it. Some people imagine that the housing problem is just a marginal matter and that all we have to do is close a small gap that is already rapidly narrowing throughout the country. It is much closer to the truth to say that, though the housing situation has greatly improved in the past few decades for a large proportion of Canadians, for a great many it has become more difficult, and for a considerable number it can only get worse unless policy changes are made and alternative housing programs speeded up.

A recent statement of the Canadian Council on Social Development says that "more than a million Canadian households are inadequately housed." It is estimated that some 800,000 families pay more than a quarter of their income for shelter, and 300,000 of these pay half their income to keep some kind of roof over their heads. Half a million households in this country are still without sanitary facilities, and almost as many suffer from serious overcrowding. A survey made in Toronto in 1974 concluded that one family in ten spends half its

income for housing accommodation. This is a shocking figure for the wealthiest metropolis in Canada, showing again the perversity of the housing problem, in that it tends to be aggravated where wealth abounds, especially in the absence of countervailing pressures. In short, housing is not a fringe problem that can be treated in a casual way and allowed to run its present course.

Perhaps the most serious mistake Canadians have made in the past in housing, and the worst we could continue to make, is believing that shortcomings in housing can be cured and shortfalls made up by the policies and instruments we already have at hand and are presently using. Public policy up to the present has seemed to imply that all we need is more of the same thing. The financier argues that a larger supply of mortgage funds will solve the problem; but we can have mortgage money running out of our ears and it is of no benefit to those who cannot possibly use it. Government housing officials aim to reach a target in housing starts (the actual figure for Canada in 1975 was just over 231,000 units) but starts will not improve the situation if they are mostly starts of the wrong kind of housing, especially expensive single-family houses. The developers and builders shout for serviced land, but it will be of little help to the overall problem when they get it if it is used for luxury homes in prestige subdivisions. And those who imagine that the only solution for the people who cannot afford housing in the regular market is to herd them into large, highly-visible public housing projects, will go on calling for more such projects. All the while, there is a general cry for public assistance to make every family the owner of a single, detached home on a separate lot; but these appeals disregard the fact that programs which encourage this form of housing can only postpone the day when more rational solutions must be found. Canadian housing needs a new orientation, for the simple reason that more and more of the same things we have had in the past will not provide the answers.

Clearly, one of the greatest of all errors is to assume that the market system which produces houses for the comfortable and well-off sections of society can be modified and directed into providing housing for the poor and those who cannot pay their own way. The stark fact is that conventional business cannot afford to do what is socially desirable but unprofitable. There is no known way to divert "free enterprise" from its declared purpose of making profit, and it is futile to try to force it to do so. We must eventually turn to an

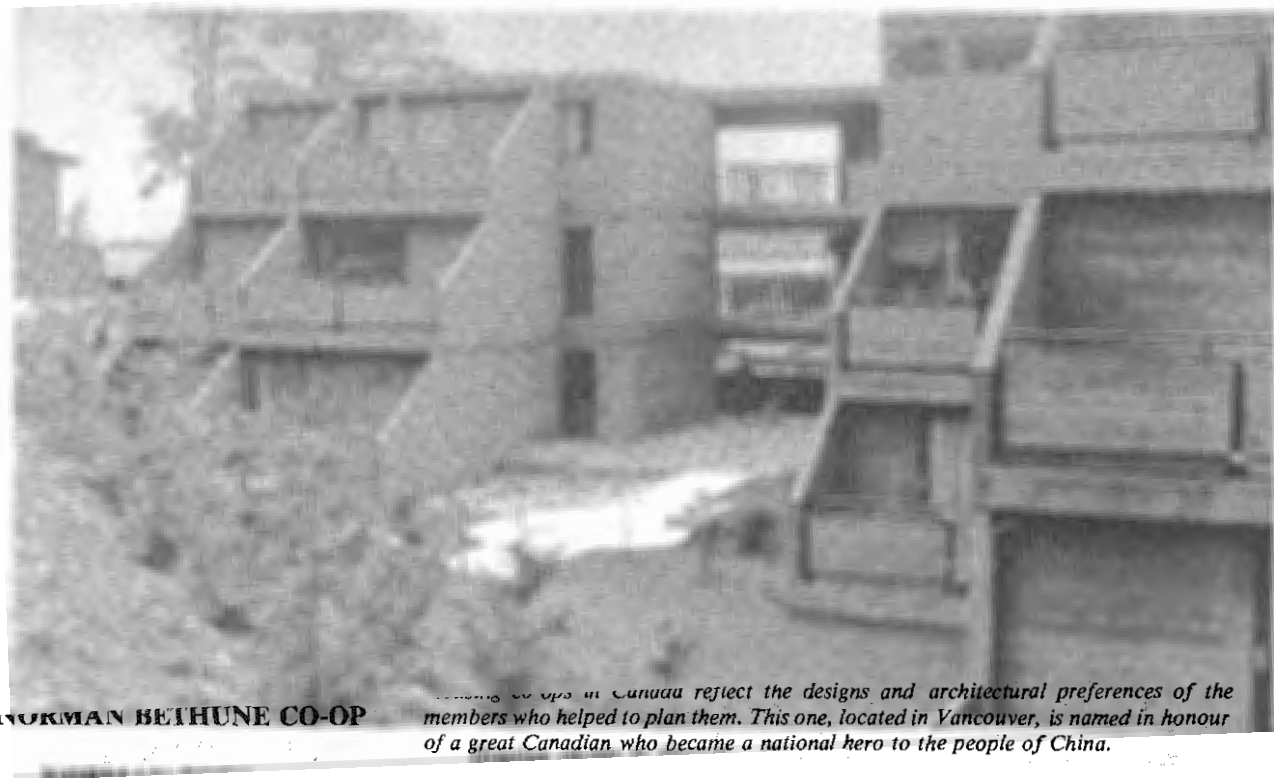
alternative system, one that breaks with the past and takes us in a new direction. One such alternative is non-profit, cooperative housing.

Profile of Canadian Housing

Housing has become a matter of great public concern in Canada only in the last twenty-five years. At the end of the Second World War there was no large housing industry, little in the way of government housing policy, and few professionals capable of planning urban growth in the long view.

Because of the very nature of housing, public responsibility for it rests at the provincial and municipal levels, but provincial governments and municipal administrations in the past were generally either not interested in housing or financially unable to provide guidance and support for housing programs. Moreover, municipal government generally has been strongly influenced by business and real estate interests. The federal government stepped into the vacuum more and more, and took the initiative but, instead of merely providing what the other levels of government needed most, the necessary finances, it set up an overall national apparatus for housing, with the result that Canada has three rival and dissonant authorities—four where regional government is involved—engaged in housing programs and urban development. In this patchwork system, the federal government has the money and financial clout but not always the power to act; the provincial governments have the constitutional power but generally not the finances to deal with the total housing problem effectively; and the municipalities see the problem on their doorstep but have neither the power nor the necessary finances to act, except in a negative way. Any group of Canadians undertaking housing have a fiendish maze of authority, legalities and bureaucracy to find their way through.

For most of the time over the past twenty-five or so years, the main thrust in housing has been towards pushing out into the suburbs with mile after mile of single, detached houses. Housing policy was largely based on counting the starts, providing land and mortgage money and buttressing the market system when it failed to produce results. Ownership of the single-family house became the ideal objective which it was assumed all Canadians should aspire to reach. So firmly was the ideal planted in the Canadian mind that the history



NORMAN BETHUNE CO-OP

Housing co-ops in Canada reflect the designs and architectural preferences of the members who helped to plan them. This one, located in Vancouver, is named in honour of a great Canadian who became a national hero to the people of China.

of Canadian housing over a quarter century is largely a record of manipulating the economic system to achieve this objective and of struggle for the recognition of alternative means where the ideal could not possibly be realized. It is often assumed that apartment buildings and other forms of multiple housing have largely taken over in the big cities, but the fact is that over 90 per cent of residential land of even the largest centres is still occupied by single, detached houses.

The most significant change gradually taking place in Canadian housing is in the form of tenure. Once upon a time most housing was owner-occupied; only a small proportion was rental housing and it was often inferior or substandard. But by 1961, the proportion of housing occupied by tenants in Canada had increased to 34 per cent, and by 1971 to 40 per cent. At present about half the Canadian people are living in accommodation they do not own. This means, in essence, that the Canadian dream of individual ownership of a family home is fading for many. And, if ownership of housing is a mark of responsible citizenship, part of the creed of Canadian culture becomes mythology. Obviously, we must continue to explore other alternatives in order to achieve pride of ownership for the majority.

Within the overall national pattern there are, of course, important differences from province to province. Individual family ownership is highest in Newfoundland and the Maritimes, lowest in Quebec. The proportion of renters has been over half for a long time in Quebec but it is now approaching or has already passed the half-way point in other provinces with a predominantly urban population.

In the year 1975, about 230,000 new households of one kind or another were established in Canada, about the same number as new housing units started. And, speaking of new starts, we must keep in mind that the Canadian population is not static but growing at a fairly rapid rate. When housing officials crow over the figure of 231,000 new housing units started in 1975, they should be reminded that a considerable portion of the new housing will be needed simply to give shelter to the 350,000 additional bodies that appeared in the Canadian population the same year.

For the prospective new household, whether family or individual, the choice of housing is not wide and alternatives are few. In the larger

centres especially, home ownership is being narrowed down to a relatively small group in the upper-income levels. This leaves one with the choice of private rental housing for those who can afford it and public housing for those who cannot. The general objective of housing policies should be to widen the range of choices open to Canadians. This can best be done through the development of an altogether new housing sector, which is now generally called the non-profit or "Third Sector", within which there are various types including cooperative housing.

Urbanization in Canada

Housing problems are of course greatly intensified nowadays by the rapid growth of cities, especially a few very large metropolitan areas. The process of urbanization has been going on for a long time in Canada but in recent years it has been greatly speeded up. Everyone is more or less aware of this shift to a largely urban composition, but we have to keep reminding ourselves that Canada, an essentially rural country some 40 years ago, had over half its population living in only 22 urban centres by 1971, and about a third of all Canadians now live in the three largest metropolitan areas, Montreal, Toronto and Vancouver.

This is, of course, not just a Canadian but a world-wide phenomenon. At the turn of the century, there were only ten cities in the whole world with over a million people. Now there are about 200 in that class and the largest cities, especially in Asia, have populations as large as half the total Canadian population. In some of the poorer countries, the movement of people to the city is so overwhelming that it threatens national stability. Too rapid and unregulated urbanization can destroy the very fabric of a culture and civilization, and at times some Canadian cities appear to be approaching that condition. In any case, we seem to be committed to building bigger cities, even though mere growth does not necessarily enhance the quality of life.

It would seem that many of our present-day problems in housing result not so much from urbanization itself as from our reluctance or downright refusal to come to terms with the urbanization we create. We build cities, but we don't want to accept the unrelenting pressures of population. Canadians certainly do not face up to the necessity for a different land-use system, and they accept reluctantly the need for

multiple housing. Yet the very nature of the city demands that we recognize the scarcity of land and the need to live more closely together, but we continue to shut our eyes to these two imperatives. But we cannot forever resist the housing consequences of urbanization. The present explosion in housing costs is the price we pay for our refusal to accept the conditions imposed by a modern urban environment.

Housing for People of Low Income

The very idea of public responsibility for housing people of low income is something quite new in Canadian society. It was only 25 years ago that Louis St. Laurent, then a federal cabinet minister who later became prime minister, said that no government he was associated with would ever provide subsidized housing. This was just another way of saying that poor people unable to provide their own housing would simply have to go without.

From the standpoint of social progress, this attitude seems to put housing about a hundred years behind education. In the last century, even before Confederation, Canadian citizens recognized the necessity for a school system open to all, irrespective of ability to pay. Even though our system has fallen far short of equal educational opportunity for all, it has at least meant that the poor could claim access to a certain level of schooling. Various measures to guarantee that the poor will receive a certain level of medical and health services have been accepted by society. But it has been much more difficult to win general approval for applying the same line of reasoning to housing. However, gradually and reluctantly Canadian society and our law-makers have begun to accept the principle of public responsibility for good housing for the whole population, with assistance from public funds for those who cannot pay the market price.

Still, the right to decent housing is not generally recognized in the same light as education and health services. Our social thinking accepts the notion that all children can attend the same school, rich and poor can worship together in the same church, we can go to the same grocery stores and shopping centres, ride the buses side by side and mingle in parks without separating the poor for special treatment. But, housing is a different matter and has not lent itself to the same

logic. Our social creed still insists that people of low income somehow be separated in their own neighbourhoods and identified by their housing or its location.

Again, let us give some thought to determining just who the poor are and who needs help with housing the most. A simple formula now used for identifying the poverty level says that those who have to spend over 70 per cent (some say 62 per cent) of their income for the basic necessities of food, shelter and clothing, are considered poor. We have already noted the large number who spend half their income for shelter alone, in their case leaving only 15 to 20 per cent of income for food and clothing. Little wonder then that those who pay too much for housing frequently suffer from malnutrition.

Recent studies on poverty in Canada have turned up some surprising facts not generally known before. For example, the highest incidence of poverty is no longer in families with a larger number of children, but in families of two persons, usually an old couple living alone. Families headed by women are particularly vulnerable to the pains of poverty; over 40 per cent of such families in Canada are below the poverty line. More surprising, the greatest number of Canadians living in poverty, in fact about two-thirds of our poor, live in the two central provinces, Ontario and Quebec, commonly regarded as the wealthiest.

It is these and other groups of low-income people who bear the brunt of Canada's housing problems. Whatever difficulty, restriction or shortfall exists in housing, almost always hits them first and hardest. For example, the prejudice and restrictions against mobile homes very often fall most heavily on the poor, for in many situations this is the only form of housing which they can afford and can obtain quickly. In short, Canadian families or individuals trying to claw their way out of poverty usually find housing the heaviest burden they must carry.

With the principle of public responsibility for housing assistance to the poor goes the necessity of providing a lending system based on public funds, since private lenders are ordinarily not interested in lending money for low-cost housing. Given this assumption, government then reasons that, if it is going to provide the money, it might as well go all the way and provide the housing. And so we end

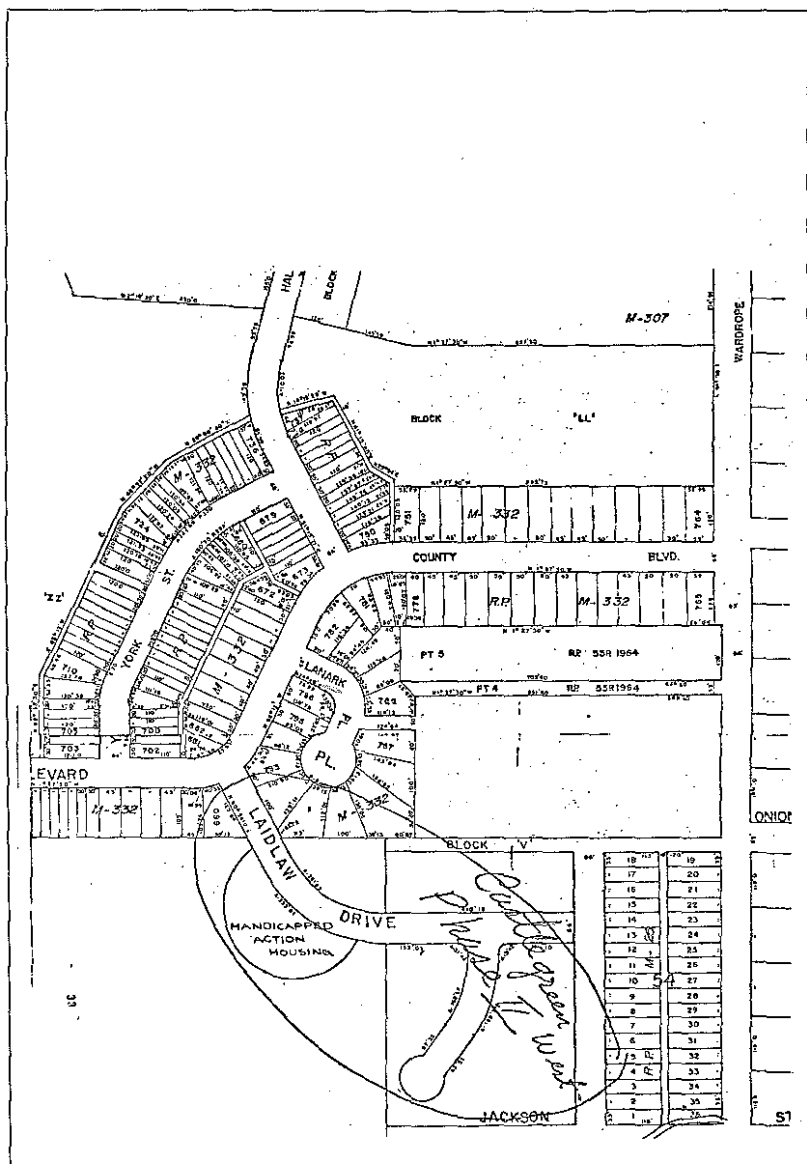
up with public housing owned and managed by various government bodies and agencies. In Canada, by far the largest stock of public housing is in Ontario, where the provincial government, through the Ontario Housing Corporation, is now reputed to be the largest "landlord" in the country and indeed one of the largest in North America.

Every reasonable person will admit the need for a certain amount of public housing. In some situations there appears no other solution at hand. But the basic questions remain: How much public housing? What kind? Bad reaction to public housing is felt to some extent in all parts of Canada, but more so where it takes the form of large projects that tend to become ghettos, where the problems of the poor are intensified and where tenants are not infrequently the victims of patronizing or domineering management. There has indeed been great disillusionment with public housing, even though there are some excellent public housing projects where residents feel no stigma attached to their accommodation.

It is highly unlikely that the Canadian people want or will ever accept a housing system in which a very large proportion of the housing units are owned and administered by government. In the first place, there is a certain basic injustice in public housing, since people in need are everywhere, but not everybody can be or will want to live where government projects happen to be located. It is for this reason that many argue in favour of a rent supplement paid directly to those who need it because of low income; in other words, attaching the subsidy to the people rather than the housing. It will be one of the main arguments of this book that people in need of subsidy should be able to opt for cooperative housing if they wish, and that they be eligible for a rent supplement equal to the subsidy required to maintain them in public housing. Such an arrangement will cost the public purse no more and may even cost it a great deal less.

While advocates of cooperative housing would not support the view that public housing should be abolished, they would heartily endorse the kind of community that mixes various income levels, for it is this sort of housing and living environment they are striving to create in non-profit housing cooperatives.

In any case, whatever views we have, let us keep in mind that



PLAN OF CASTLEGREEN, THUNDER BAY

Castlegreen Cooperative Community is a new sub-division in Thunder Bay. When completed, it will be a distinctive community of about 250 homes. At the time of writing, phase one was almost finished and phase two begun.

Canada appears to need no fewer than 50,000 additional units of "social housing" each year, that is, assisted housing of one kind or another, in order to ensure that all who live in this vast country will be decently and adequately housed. At the present rate of production, this would mean that 20 per cent of annual housing starts, or one new unit in five, will be for those who stand in need of assistance or some form of subsidy.

Rental Housing: Landlords and Tenants

There are good reasons why Canadians generally consider renting a relatively inferior form of housing, even though it may be the best choice of accommodation for many and is sometimes more economical than home ownership and, of course, is the logical thing for short term or temporary accommodation. For a growing number of Canadians, as shown by housing statistics, it seems to be the only alternative. In Toronto, to take one example, about 58 per cent of dwellings are now (1975) tenant-occupied. It seems inevitable that this figure will increase in the future, in all of the metropolitan and large urban centres in the country.

Thus, over a period of years, the ownership and occupancy of housing will become separated, reminding us of Mark Twain's saying that "almost any man worthy of his salt would fight to defend his home, but no one ever heard of a man going to war for his boarding house."

Living in rental accommodation may become a necessity but it does change one's outlook and lifestyle. One's housing is no longer a possession but just a means of shelter. In rental accommodation, in addition to living under someone else's roof, the tenant always loses some of his choices and rights as a consumer. For example, though he pays for them, he loses control over the direction of his consumer dollars for heating fuel, fire insurance and the various services included in operating costs. And, in the larger rental projects, the former friendly relationship which often existed between landlord and tenant has been replaced by confrontation between tenants and impersonal management. A recent survey in Ontario found that more than a third of tenants did not even know the name of their landlord.

Much has been done, of course, through landlord-tenant

legislation, rent review boards and tenants' associations to improve the security and bargaining position of tenants, but all these measures fall short of giving those who occupy rental housing the same freedom and security enjoyed by home-owners. Two things in particular are lacking for the tenant: long-term security of tenure, and power to make decisions over conditions of occupancy; and, as we shall see, these are two features of a housing cooperative which make it preferable to conventional private rentals.

In today's rental market, with the level of rents constantly rising, it should be noted that an increase in rent frequently becomes necessary merely because the ownership of a project changes hands. The new owner of a project generally has to finance the purchase with borrowed money at a high rate of interest, and so rents have to be raised to cover not only the normal operating costs but also the carrying charges on the new capital debt. Thus, in the end, it is the tenants who pay the price of real estate speculation.

Private rental housing is a prime example of the kind of fragmentation we have in modern society which puts the factors of ownership, control and use of property in three separate compartments. Contrast renting with home ownership. In the latter, the individual or family owns the housing, enjoys control of its possession and, at the same time, is the user. In rental housing, one person or company is the owner; if it is a large project, another is in control over management; and the tenants are the users, the ultimate consumers. The result is social fragmentation. The cooperative way seeks to restore social integrity by investing ownership, control and use, all three, in the same body of people.

Things We Know For Sure

At the beginning of this chapter we set out with a clear and widely-acclaimed national aim: decent housing and a good environment for every person in Canada. It can be assumed that we shall never reach this objective to everyone's satisfaction, but this should not deter us from trying to get as close to it as possible. In terms of total production of housing, Canada has managed to do a creditable job in recent years: about 10 or 11 units of new housing annually for every 1,000 of population. Where the system is breaking down in relation to the national purpose is on the distributive side; we



LA BRUYERE (DEMERS), VANCOUVER

Most of the continuing housing co-ops in Canada are some form of multiple housing. In this project none of the buildings is higher than a tree can grow, which is the ideal height. Extensive use has been made of the wood native to British Columbia.

do not have the appropriate forms or housing programs for those Canadians who are most in need.

What prevents all Canadians from having decent housing is no mystery or hidden secret of science which has not been unravelled. We know, or should know, the reasons why a significant portion of the population are badly housed or are in trouble over housing. The facts would be quite clear to all if so many did not have a vested interest in not seeing them. What we now need above all is the courage to say with Thomas Henry Huxley: "God give me the strength to face a fact though it slay me." Bad housing or lack of housing is not like cancer, for which we do not know the cause and have not yet discovered the cure. The social sickness that keeps many from having a decent roof over their heads is plain enough for all who want to see.

The so-called free enterprise system cannot do the job and cannot be expected to, for it has never been able to do so in any known part of the world. A housing system based solely or largely on the profit motive is likely to produce the same results as a system of education or medical service based on profit. The conventional system of land holding and speculation in land which we still regard as a pillar of our way of life can never be in harmony with the system expected to produce good housing for all. Moreover, responsibility must be defined in such a way as to end government dither and uncertainty. Municipal bodies must not allow their responsibility to go by default to the provincial level, and provincial authorities to the federal level, where it finally rests as far as possible from the point of actual need for housing.

Housing appears at present to be a great national problem which is bound to get worse for as far as we can see into the future. All the factors we know of — land, interest rates, inflation, traditional prejudices, bureaucratic red tape, and regard for the profit system as a religion — presently seem to conspire against all attempts to improve the situation. Here we present an alternative, non-profit and cooperative, which seeks to mitigate these and other influences which stand in the way of the national dream of "Good Housing for All Canadians."



We Chose Something New

"Whereas in a competitive society the failure of your neighbour may be the cause of your own success, cooperation can only be furthered by people who are ready to share successes and failures together."

from *Living Democracy in Denmark*,
by Peter Manniche

The Beginning

The continuing housing cooperative, both as a form of housing and as a type of cooperative, is new to Canada, since the first one organized in this country is only about ten years old.

The word "continuing" is used in describing this kind of cooperative to distinguish it from another and earlier one, the "building cooperative", which is more or less temporary, lasting through the construction period while a small group of people or families work at helping one another to build houses which they will own individually on completion. This earlier and rather simple type of cooperative was first developed in Nova Scotia, where it is still popular, accounting for about 15 per cent of annual housing starts in the province in recent years. This self-help type of home-building was begun in Cape Breton under the depressed conditions of the 1930's, when there were only two or three days' work a week at best for coal-miners. They were encouraged to undertake the construction of decent homes for themselves and, with mortgage funds supplied by the provincial government and their own "sweat equity", they made a great success of the scheme. The first group of eleven homes was completed in 1938 and was called Tompkinsville, after the eminent adult educator and social reformer, Dr. J. J. Tompkins.

The work of organizing and guiding many building groups was



WILLOW PARK, WINNIPEG

Willow Park, the first continuing housing cooperative in Canada, began with 200 houses in 1964, and is now a complex of three separate cooperatives of over 400 homes and various community facilities.

carried out by the Extension Department of St. Francis Xavier University for some years and the financial arrangements and administration of the program were under the Nova Scotia Housing Commission. For the past 35 years this has been one of the principal ways by which the Government of Nova Scotia, since 1950 under the federal-provincial partnership, has assisted people of limited means to secure adequate housing. The same program in support of building co-ops was adopted, with certain variations, by the other Atlantic provinces.

This program of organizing small groups of people, usually 10 to 20, sometimes more, sometimes less, to get together and secure land, purchase materials and then work as a group to construct houses for conventional home-ownership, spread to other parts of Canada, chiefly Ontario, in the 1950's and had already been in progress in Quebec from the 1940's. By the early 1960's, this approach to housing was found to be increasingly difficult and ineffectual in the larger urban centres. High land costs, high employment, the growth of a large-scale building industry and rapid urbanization made it difficult for co-ops to establish themselves. Outside the Atlantic region the organization of building co-ops all but disappeared. What was at one time a flourishing movement with its own literature, many hundreds of people in study clubs and quite a large organizational structure became a fringe activity.

Cooperators realized that something new was needed in large urban communities to provide a form of ownership for the growing tenant population, and the concept of continuing cooperatives, with projects of multiple housing design, began to germinate. The seminal process was slow and often unpromising. The basic ideas were mainly of Scandinavian origin but were substantially changed to suit Canadian expectations and our social environment.

The first project to be organized and built was Willow Park in Winnipeg, and the rather small group of Manitobans responsible for its becoming a reality certainly had to have what the philosopher Santayana called "the necessary faith of the pioneer". They first set up a provincial organization to act as a "mother society", to serve as organizer and builder of cooperative projects after the Scandinavian model. Almost nobody, especially in the housing establishment, understood what they were about; most sources of financing would

not touch anything so unconventional; housing officials were skeptical because it was outside their ken and experience. The antipathy towards cooperative action for housing can be judged from the fact that only one Winnipeg alderman out of eighteen voted for a co-op proposal presented to city council. After months of dogged effort on the part of organizers, city officials finally consented to lease land in an area that could hardly be considered prime location, and with misgivings Central Mortgage and Housing Corporation made a loan commitment, with certain strings attached, at the regular interest rate.

Though Willow Park Cooperative was incorporated in 1961, they had to wait until 1963 before the land was serviced. Construction started in 1964 and the first residents took possession in August 1965. A new era in cooperative organization and a new housing idea in Canada had begun.

The project encountered a soft housing market and was handicapped by vacancies for about a year, but the Cooperative Credit Society of Manitoba, with the backing of Federated Cooperatives and other Western cooperative groups, carried Willow Park through a difficult financial beginning and after a short while the pioneer housing cooperative was on firm ground. It has since gone through three phases of expansion and is now a complex with 426 housing units and a variety of auxiliary services, including a daycare service and small shopping centre.

What began in Winnipeg in 1965 did not spread like a prairie fire to other places, even in the Western provinces. Not only was the idea slow to catch on, but potential sponsors and financial supporters felt that establishing a housing cooperative was a new and different kind of undertaking, involving far greater financial responsibility and resources than initially needed for most other types of cooperatives. Other co-op enterprises, by and large, started rather small and took time to reach substantial size. A credit union with 100 members might begin with a few hundred dollars and take several years to reach a million, acquiring expertise and know-how step by step along the way. But a housing cooperative for the same 100 people had to start big; it needed large resources and considerable expertise from Day One.

Gradually groups in other cities began to organize and were able

to put together the necessary financing and technical support for projects in Abbotsford, Windsor, Vancouver, Calgary and Toronto. A great deal of the enthusiasm was generated during that early period by the National Labour-Cooperative Committee, a creation of the Co-operative Union of Canada and the Canadian Labour Congress, established in 1958 for the express purpose of encouraging the development of cooperatives in urban Canada, since the cooperative movement generally was having a hard time putting down strong roots outside the rural areas.

The Second Decade

Two developments in cooperative housing in the late 1960's and early 70's are of special interest now. One was the organization of an ambitious program in Quebec, with the encouragement and support of the provincial government. It started in 1968, recruited a fairly large professional staff, acquired lands and provided the initiative for about 40 projects. It soon became obvious that the program had grown too quickly and without sufficient grounding and consequently had over-reached itself. Operations closed down in 1972 and cooperative housing came under a cloud in Quebec. It is only beginning to emerge again. The 1968-72 experience will have a strong influence on a fresh start in Quebec, perhaps by giving cooperative housing a decentralized structure based on the needs and resources of various metropolitan areas, perhaps by aligning it more closely with old and well established cooperatives in the region, hopefully through the caisses populaires.

The second development that gave housing cooperatives the push they needed at this initial stage was the "\$200 Million Program", as it came to be known, launched by the federal government in 1970 to encourage innovative low-income housing proposals, at a time when the housing industry was in a temporary slump. Five cooperatives that were already in various stages of formation at that time, located at Calgary, Mississauga, Vancouver, Winnipeg and London, received approval for financing under the program.

Two features of these projects are of prime importance. They were the first projects in the history of Canadian housing where National Housing Act financing was provided for low-cost housing that would be owned and run by the residents themselves. Previously



**ESTONIAN CO-OP APARTMENTS,
TORONTO**

Toronto, overlooking Lake Ontario, where housing has become as expensive as anywhere in North America in recent years.

there were numerous projects for people of low income but they were all owned by sponsoring charitable organizations, or by government, or by entrepreneurs, usually builders, or by individuals with money to invest. Now people of modest means could enjoy ownership of multiple housing and be judged capable of running their own affairs. The problem of housing people outside the conventional market was given a new orientation of great social significance.

Second, low-income housing, for example, limited-dividend projects financed under the NHA, up to that time required that residents move out when their income increased beyond a certain level. But since it would be inappropriate for members of a cooperative to be forced out of membership, the residents in these new projects were allowed to remain when their income rose beyond that level, provided they paid a surcharge based on the NHA lending rate for conventional housing. This gave rise to the concept of mixed incomes in cooperative projects. It was a radical concept at the time, but is now considered a thoroughly sensible as well as socially desirable idea.

Of the cooperatives financed under the "\$200 Million Program", not all were immediately successful, and in fact only one was completed and occupied without a delay or miscalculation. But this was a time for testing a radically new idea which was not thoroughly acceptable to housing officials, when support for cooperatives was often given with tongue in cheek and commitments sometimes made with crippling conditions. In the end, difficulties were removed, problems solved and bugs ironed out of the delivery system. In retrospect, it is doubtful if cooperatives encountered more problems or made more mistakes than were experienced, and are still being experienced, in the development of condominiums or even public housing.

But until the National Housing Act was amended in 1973, the cooperative projects organized with these special provisions were approved by "bending the Act" and each application was considered a rather special case and was decided in an *ad hoc* way after considerable negotiation and delay. The cooperative way had been given just a tentative blessing; that could be revoked or withheld at any time. The 1973 amendments made provisions for non-profit, continuing cooperatives fully legal and official, and from them flowed

the supporting regulations and necessary budget for loan commitments. Cooperatives now had the legislative and financial base from which they could grow much more rapidly than before. In 1975, CMHC made commitments totalling \$44.4 million for assistance to new cooperative projects.

The movement is still in its infancy, and its growth in the next decade or so will likely be accompanied by considerable change and adaptation to be made in the light of further experience.

Glimpses of Housing Co-ops At Present

If housing cooperatives add up to a movement in Canada today, they do so by having little in common among them. And this is as it should be, for they are based on groups of people with a wide variety of backgrounds, needs, expectations and resources, and they are located in urban environments as different as Vancouver, Ottawa, Toronto, Thunder Bay, Quebec City and Calgary. The common thread running through them is clear: group ownership, housing at cost, non-profit operation, democratic control and creation of community. In other respects, such as size, design, auxiliary services, method of management, internal regulations and so forth, they differ widely and no two projects are very much alike. Each group of cooperators creates its own housing environment; each project takes on its own individuality; each is a special kind of neighbourhood; each has its problems to solve and difficulties to overcome.

A glimpse at housing cooperatives in different urban centres across the country will give some idea of the great variety of organization, design, features, size of operation and auxiliary services to be found in this new movement. They are given at random, in no particular order, without reference to priority or importance.

By early 1976, there were 75 housing cooperatives, not including students' co-ops, which received financing under the National Housing Act, a few of which were still under construction. About half of these received loan commitments under the new legislation since 1973. Most of these cooperatives were organized and their projects constructed by a sponsoring organization or mother society, but some, for example at Abbotsford and Thunder Bay, were produced with largely internal resources.



ASHWORTH SQUARE, MISSISSAUGA

This cooperative, built in a city in the metropolitan area of Toronto, is of mixed design, townhouses for families with young children and highrise for other members.



UNIQUE DESIGN

A close-up of the individual units that make up the several clusters in the Sarcee Meadows Cooperative at Calgary. The picture on the opposite page is a view from the air of the complete project.



**SARCEE MEADOWS COOPERATIVE,
CALGARY**

This co-operative is arranged in clusters of houses of varied design, 380 in all, giving it the appearance of a compact and attractive village.



**TWIN PINE VILLAGE,
LONDON, ONTARIO**

This cooperative community of 84 homes of townhouse design was organized by a group of citizens of London, with sponsorship by labour unions, churches, a credit union chapter and interested individuals. An interest-free loan was provided by the United Church of Canada for interim financing.



SOLIDARITY TOWER, WINDSOR

Housing cooperatives in Canada are sometimes sponsored by voluntary groups with an interest in good housing. The initiative for this one, of highrise design, came from a labour union, the United Auto Workers.

About half the cooperative projects built under the new legislation since 1973 are in British Columbia. The greater number of housing cooperatives are of new construction but a considerable number are rehabilitated existing housing and a few are mixed rehab and new infill. Among the more interesting projects is ForWard 9 Community Cooperative in Toronto, which purchases and renovates existing houses to prevent general deterioration of the city ward which it covers.

Regina has a unique housing cooperative, with a group of small apartment buildings for single-parent families. The Credit Union Central is a member of the sponsoring body and provided initial financing. Cooperative projects are operated with a variety of arrangements for day-to-day management, the smaller ones by mainly voluntary part-time help and the larger ones by full-time professional management.

Housing cooperatives are generally different from the older established cooperatives in Canada because of the important role being played by women. Until now, cooperatives in this country have been very much a man's movement, but in housing women are often the leaders, in organization, planning, education and management.

A newspaper writer in Victoria, reporting on the educational work and planning in preparation for the Pioneer Cooperative in that city, observed: "Only in a cooperative housing development do owners become neighbours before they move in."

One of the serious handicaps often connected with mobile homes is the control exercised by landowners over the residents in mobile-home parks. In British Columbia there are presently two cooperatives that provide for ownership and control of such parks to be in the hands of residents themselves.

Of all the auxiliary services associated with existing housing co-ops in Canada, the most popular seems to be daycare centres.

Senior citizens may be members of housing cooperatives in three different ways: 1) by organizing a cooperative project to be owned and controlled by senior citizens themselves, or 2) by having a section of a large cooperative specially planned for the needs of members who



DECOSMOS VILLAGE, VANCOUVER *This cooperative of 110 homes was named in honour of an important historical figure and early premier of British Columbia. It won the Vincent Massey Award for housing design in 1975.*



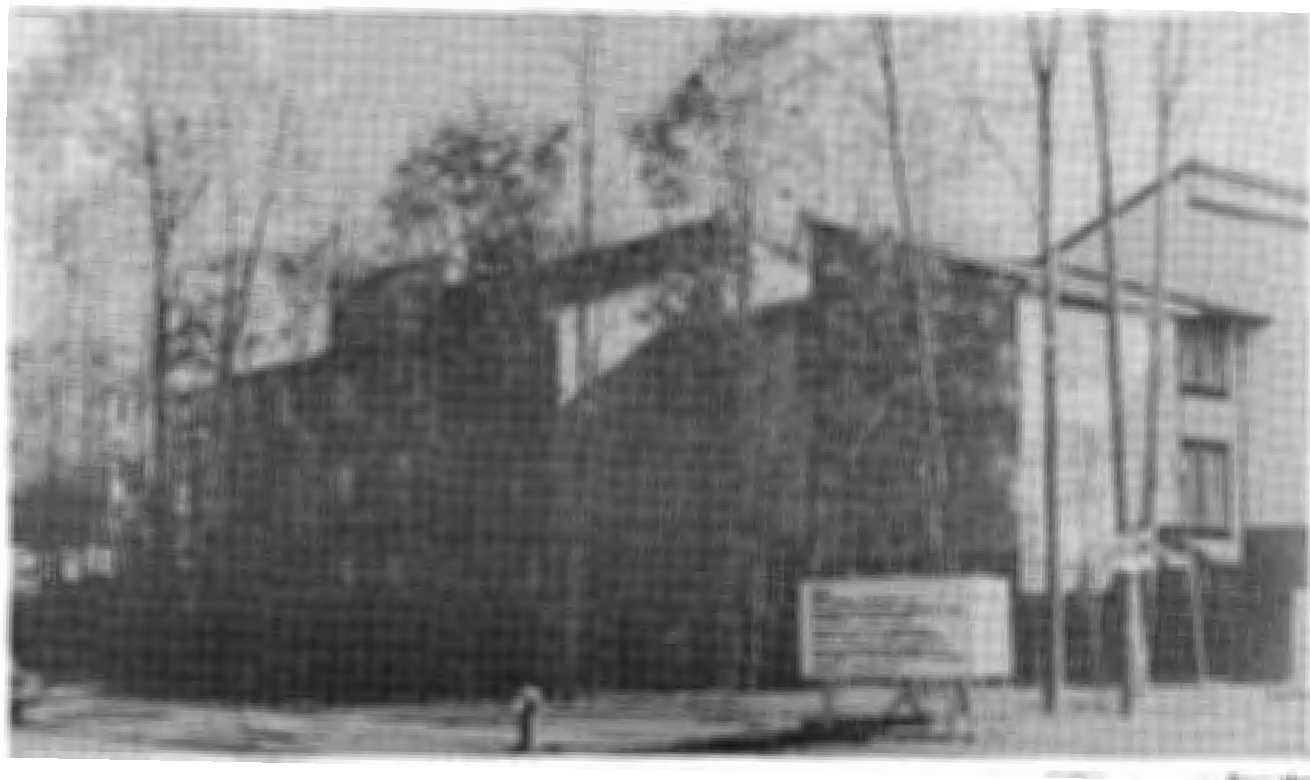
The Westwood Place Cooperative in Port Moody, B.C., had a very interesting origin. A project of 117 units in five three-storey buildings, it was originally a conventional rental project in which about half the residents were low-income families. The tenants formed a cooperative and purchased the entire project in 1974. The units were renovated, and what was formerly considered a ghetto soon became a responsible and desirable neighbourhood.

PORT MOODY, B.C.



LE VILLAGE CANADIEN

The skating rink at Village Canadien, in St. Vital in the Greater Winnipeg area, reminds us that Canadians live through and often enjoy several months of winter weather. Village, a distinctive and attractive community of 150 homes with a large community centre, is about halfway through construction at the time of writing.





CO-OP VILLA, ABBOTSFORD, B.C.

This cooperative is a mixed community, built in three phases, the first providing townhouses for families and the second and third providing homes of attractive design for senior citizens.

WE CHOSE SOMETHING NEW

are senior citizens, or 3) by senior citizens being scattered anywhere among the other members of a cooperative. A fourth alternative is available in Moncton, where Maritime Cooperative Services, through a subsidiary housing organization is owner of a large (272 units) project specially designed for senior citizens. In this case the residents are not members of a cooperative but live in housing provided by another cooperative. This project also has units of special design for handicapped persons.

Continuing housing cooperatives come in all sizes in Canada. The smallest we know of is in St. Sauveur, Quebec, an apartment of three units; the largest, in Calgary, is over 100 times as big, standing on 35 acres. The manager of Co-op Villa in Abbotsford says that, with the last phase of 22 units, "this will give us 106 units, which in my opinion is large enough for one complex or little community." But others will say that a community needs to be larger in order to provide a broader mix of people and a greater variety of services. It all depends on circumstances and above all on the wishes and preferences of the residents themselves.

One of the most difficult and controversial problems in connection with the organization of a housing cooperative concerns the time-lapse between enrolment of members and the taking over and occupying of a project, the amount of educational work carried out among members during this time and the proportion of future members involved. Canadian experience on these points varies all the way from almost no preparation for the responsibilities of membership to two years or even longer of preparatory work and advance training and education. The evidence shows that, with groups having little or no preparation beforehand, the chances for misunderstandings, mismanagement and dissatisfaction are greatly increased.

The question of user satisfaction will inevitably be raised in connection with cooperative housing. In short, how do the members like it? Are they usually satisfied? This cannot be answered without a great deal of careful research over a number of years. In the meantime, some early studies are pretty encouraging. In one, for example, carried out in Vancouver and reported in the *Vancouver Sun* of March 21, 1973, nineteen multi-family projects were surveyed from the general viewpoint of resident satisfaction. There were five

condominiums, seven limited-dividend projects, two private rentals, three of public housing, one non-profit project owned by a charitable organization and one co-op, DeCosmos Village. In this survey, the co-op came first. Another piece of research, carried out as a case study of user satisfaction over about three years, came to this conclusion: "We would have to report a substantial amount of satisfaction with the co-op." However, it should be added that this particular cooperative, Ashworth Square, has had its share of problems too. But this is the very nature of democratic institutions. Only in dictatorships and cemeteries are problems under perfect control.



Chapter 4

What Can You Afford

"It is still not possible to satisfy the housing needs of about one-third of the population without some fairly large redistribution of the public's money."

Humphrey Carver, in
Compassionate Landscape

The Consumer and Housing

Before considering what you can afford for housing, let us think about what it costs and why. We shall look at it from the viewpoint of the consumer.

There is much said and written about consumers and consumerism these days and most people are beginning to be conscious of themselves as consumers, especially as consumers of food products and other things that are used up or worn out. However, few people think of themselves as consumers of housing. But we are consumers of all the goods, products or services that are required or used in living, including housing, whether we own it or rent it.

Perhaps the most complex and frequently misunderstood part of consumer economics is the many factors involved in setting prices. When buying something, most consumers think of price only in terms of the actual product purchased, but in reality one pays for a whole range of things when an article is bought. For example, the pen with which you write cost, let us say, \$3.00; but this selling price included not just a pen but a hundred other things: advertising, research, commissions, transportation, interest on borrowed money, packaging, legal fees, rent on commercial space, profit, and so on. Indeed, the intrinsic value of the actual pen is a very small portion of \$3.00.

We must continually remind ourselves of this fact of economic

life: we never, or almost never, purchase something that is unattached to other things. The cost of the fish in a can of sardines is probably a small fraction of one cent; if the farmer gave away his tomatoes for nothing, the retail price of a can of tomatoes would not be greatly reduced; the wheat used in a loaf of bread is a small portion of the retail price; when you buy a bottle of aspirin tablets, you are probably paying more for advertising than for medicine. In fact, it has been estimated that only two per cent of the price of certain pills covers the cost of manufacture and distribution; the remaining 98 per cent represents promotion and profit.

Of course, some of the costs attached to a product are absolutely necessary, like the tin can containing the sardines, but some additional costs are unnecessary or wasteful or even unethical and illegal. When an executive of a petroleum company pays out millions of dollars to bribe government officials, the consumer at the pump pays the cost of the bribe.

The tortuous road from producer to consumer may reveal strange things that the average buyer never thought of. For example, a person of low income laying down even a few cents for a simple article may be helping to pay for an advertising executive's new yacht. Some advertising is helpful and often necessary, but the consumer may well wonder why he cannot buy certain goods and services without paying for singing commercials and nauseating television fare which he does not want. For all the emphasis on consumerism, the consumer is still very far from being king in the market-place, and catch-words like "the customer is always right" cannot convince us that he is.

What applies to commonplace consumer goods is equally true of housing. The selling price of a house or the rent that the consumer pays includes expenses and costs; some are essential, some unnecessary and purely ornamental, and others that are unethical, unconscionable or illegal. Whatever they are, whether justified or not, the consumer pays. Moreover, any new cost attached to the production of housing is passed on to the consumer. A good example of this is mortgage insurance. Though it is for the purpose of strengthening the protection already given to the lender by a mortgage, it becomes an added cost to the buyer, and again the consumer pays.



HOMES IN DECOSMOS VILLAGE

The aim of housing cooperatives is to provide economical and affordable housing, and at the same time create a community of households, each with its own individuality and privacy.

Few people will believe that basic housing was no more costly in 1975 than in 1955; that is, the *cost* per square foot of house, in constant dollars, without land, was scarcely higher, if at all, in 1975 than it was in 1955. But surely, you will argue, there is a great difference between the average price of a house in 1955 and the average price in 1975; it must have tripled in the larger Canadian cities. Yes, that is true, it has tripled, in a typical Canadian city from about \$15,000 to \$45,000. But let us look at the factors behind the steep rise and see whether the increase was in the *cost* of the housing or something else.

First, keep inflation in mind —the \$45,000 figure is in 1975 dollars, worth much less than 1955 dollars. A 1975 dollar was worth 49 cents of the purchasing power of a 1955 dollar. The price of land has been the biggest single factor in the increase of the cost of a house. The same house located in two different places might differ as much as \$10,000 or \$12,000 in price. Third, interest rates have risen sharply, resulting in a steep rise in the cost of money, which in turn pushed up the cost of housing. The money system, not housing, was the villain. In addition, municipal regulations, which demanded much more in the way of services in 1975 than in 1955. The average house in 1955 was also much more modest than that of 1975. Added to all this are local taxes, most of which represent the increased cost of education and other public services, not an increase in the cost of housing. Materials and labour were also factors contributing to the increase, but not nearly so much as many think.

All of which is by way of introduction to the question of how much we can or should spend for housing. Any group of people preparing for a housing venture should, as informed consumers, know what they are paying for. They must keep in mind that housing costs

The Family Income and Housing

The relation between income and housing is very often the main consideration in the family budget. Besides being generally the largest single item of family expenditure, housing is also an item that is most inflexible, for it cannot be postponed, substituted or avoided for long. One can postpone the purchase of a new dress or suit of clothes, but the rent or mortgage payment cannot be put off for long. A family can

hold the line on expenditures for food, but holding the line on housing costs is extremely difficult and can probably only be done by changing location. Some family expenses taper off or cease in time, the cost of education, for example, but expenses for shelter and accommodation are never-ending. Moreover, if one undertakes to become a home-owner, the cost of a house will likely be the largest expenditure of a life-time and mortgage payments usually extend over the greater part of one's working life.

A prime question then is: what proportion of one's income or the family income should be allocated to housing? Under Canadian conditions, the easy rule-of-thumb is about one-quarter. Thus, a family with \$12,000 income can spend about \$3,000 annually on accommodation, or \$250 per month. On that salary, if rent or home-ownership costs go up to \$300 or more, obviously something else in the budget (food, clothing, transportation, education, recreation or health services) has to give.

Clearly, under this formula, any individual or family on a modest or low fixed income can easily be in trouble. At the present time there are eight Canadian cities with over 500,000 people. In these large metropolitan centres the poverty line for a family of four is presently calculated at \$8,422. The 25 per cent formula would allow them only \$175 per month for housing. If it costs more, they have the alternative of making up the difference by attempting to increase their income or by a subsidy or some form of assistance, or by moving to cheaper accommodation if it can be found. There is also the alternative of spending a higher percentage of income for shelter, and we know that a large proportion of Canadians, especially the poor, are doing just that; in many cases paying as much as half their income for shelter. A recent report of the Ontario Economic Council revealed the worsening housing situation measured by percentage of income going to housing. In 1971, 58 per cent of residents of Ontario kept housing costs within 25 per cent of total income; by 1974, only 29 per cent of residents were able to do so.

One of the alternatives is of special interest and concern to us: increasing income by having more than one member of the family, either wife or children, in the work force in order to meet housing costs. This is often the nearest and most obvious solution available for many families. However, it upsets the normal pattern of family

budgeting, to say nothing of the social consequences, and it introduces a certain fiscal element that is disturbing, to say the least. If it is going to require two incomes in the family to pay for accommodation, where does this leave the family that must survive on one income? And where will it leave the two-income family if one of the incomes is suddenly taken away? Moreover, the rapid increase in the two-income family has had the effect of greatly distorting the housing market in recent years. Builders are not going to give much attention to housing for people of modest means as long as they can be busy producing high-priced housing for two-income families. Indeed, inflation in housing costs as a result of demand from families with two or more incomes is something to be reckoned with.

As for depending on the earnings of children to meet increasing shelter costs, again the social consequences may be serious. A recent study made in two Montreal schools shows that nearly three of every four students who drop out of high school come from low-income families. Thus, housing conditions that put pressure on the family budget, to the point of requiring the earnings of children to make up the shortfall in income, only serve to accentuate further the disadvantages from which the poor suffer in the use of the educational system. In our society, the schools and in fact all educational institutions already tend to benefit the elite and affluent members of society out of all proportion to their number. An editorial in *Chatelaine* made the startling statement that "71 per cent of dull children in Ontario from well-to-do families get through grade 13, while only 68 per cent of brilliant kids from poor families make it."

It should also be pointed out that actual housing costs are often disguised and show up in the family budget in some other form. For example, where the principal bread-winner in a family works in the city but is compelled to move far out into the suburbs or country because he cannot meet housing costs on a modest income, it is generally found that the saving on accommodation is largely eaten up by increased transportation costs, especially where good public transportation is not available. Driving a car some distance, perhaps 15 to 25 miles to work, may cost something from three to four or more dollars a day, depending on parking charges and the price of fuel, and can easily amount to \$75 to \$100 or more a month, to say nothing of the time spent in travel. In other words, what we may think of as a transportation cost is actually a housing expense in another form.

THE TRUE COST OF THAT DOWN PAYMENT

A down-payment is not a cost, you say? A down-payment is part of the investment in your home, you say? Perhaps, but let's look at a few figures, just for the exercise.

You've all heard about legislation allowing people to save up to \$10,000 tax-free for a down-payment on a home. What does it cost you once you've taken your \$10,000 out of your savings account and used it as a down-payment on your dream home?

Harry Jones has just done that. He and Mary struggled to save the \$10,000 and after a lot of searching they found a modest townhouse for \$42,000. They handed over their \$10,000 savings and realized it was going to be a bit of a struggle making monthly payments of \$311.66 on a \$32,000 mortgage at 11 $\frac{3}{4}$ % interest for 35 years — not to mention an extra \$50.00 a month for taxes.

More than \$360. a month already and they still have to pay for heat, light and maintenance. Still, they reason, a home is an investment and they must be prepared for some sacrifice to acquire it. Besides, it represents security in their old age, and because Harry is just 30, they'll have it paid off when he is 65 — when he retires.

But what about the \$10,000 they have just parted with? What would have happened to it if they hadn't been required to part with it?

Under today's conditions they could have left it in a registered retirement savings plan at a minimum of 8% interest. Nobody can predict the fluctuations of interest rates over the next 35 years but today's conditions are the only ones upon which we can make an assumption. If it were left in such a plan at 8% interest, compounded annually, at the end of 35 years the \$10,000 would have accumulated to \$147,853.44 give or take a few cents. No, that is not a misprint — it really is one hundred forty-seven thousand, eight hundred fifty-three dollars and forty-four cents.

Imagine that Harry and Mary had left their \$10,000 in that plan, 35 years passed and Harry is retired. What could they do with all their money? How about taking the seven thousand odd dollars and going on a well-deserved cruise around the world? Just before leaving, though, Harry buys an annuity with the \$140,000.

Again assuming today's conditions prevail 35 years hence, off they go on their world cruise, happy in the knowledge that Harry's annuity will pay them \$1,206.25 per month for as long as either of them lives. And don't forget the company pension, Canada Pension Plan, and the old age pension.

How much does a down-payment cost?

-From the Rooftops

For families or individuals whose income falls short of providing for adequate shelter, government in Canada has brought forward various kinds of assistance, chiefly in the form of public housing, in which residents pay monthly charges according to income and a subsidy from the public purse makes up the difference. In public housing projects, families of low income usually pay from 16 per cent up to 25 per cent of income according to a formula by which rent is geared to income.

Many authorities on housing problems argue that a rent supplement or shelter allowance for needy individuals and low-income families would be more equitable and socially desirable than subsidized public housing. A system of rent supplements would help anyone in need of assistance to obtain the kind of housing he wants and where he wants it and would go a long way to wiping out the stigma attached to subsidized housing projects. We do not require needy people to go to hospitals, churches, museums or parks identified as "For the Poor", and we should not insist that their housing be so identified. A rent supplement, shelter allowance or housing voucher, whatever we may call it, paid directly to those in need and therefore attached to persons or families rather than to housing projects, would also have the effect of ensuring that housing assistance funds actually reach low-income people wherever they may live. At the present time, a fairly large and growing percentage of residents in public housing are not of low income, since they are permitted to remain by paying 25 per cent of income; but at the same time many thousands of citizens of low income get no public assistance because they live in the smaller places where there is no subsidized housing.

Money, Income and Housing

The money system, the supply of money and the interest charged to use or rent that money looms very large in the housing picture these days. But the average person is often not conscious of the large part of his income that is gobbled up by the money system under which the economy operates. Indeed, the person who is using a considerable amount of borrowed money for everyday requirements, including housing, may well find that a goodly portion of each day's earnings are going as tribute in one way or another to the money system through interest charges.

The Government of Canada recognizes this in its dealings with the poor and underdeveloped countries of the world which it is trying to help, by charging zero interest on many long-term loans that call for no repayment during the first ten years. Thus, on a loan of \$8,000,000, a poor country will pay off \$200,000 a year for 40 years, beginning after the tenth year, in order to discharge the whole debt. If the same amount were loaned at 10 per cent interest, with annual payments beginning at the end of the first year, the poor country would have paid back a total of about \$40,000,000 at the end of 50 years. The difference between eight and forty millions would have to come out of the borrowing country, out of its economy, its people, its industries and resources. Little wonder that poor nations in need of help are sometimes reluctant to accept loans and take them only when compelled by desperate conditions to do so. Similarly, poor countries may well look upon foreign investment with deep misgivings, since it is not uncommon for entrepreneurs to expect an average return of 20 per cent annually on overseas investment. Such a hefty return—profit for investors—is a heavy drain on the financial capacity and the resources of a poor country struggling to develop economically.

Because of interest rates demanded by the money market and supported by official fiscal policies, the burden of securing housing accommodation in Canada has increased tremendously in recent years. In the mid 1960's, the federal government decided to free the bank rate and allow it to float upwards with the market. The floodgates were let open, allowing the public to drown in waves of exorbitant interest rates and unacceptably high bank profits. A mortgage of \$30,000 over 25 years could be obtained at six per cent in the early 1960's. Such a mortgage could be handled with \$192 monthly, and payments would total \$57,600 over the full period. The same mortgage in the mid-1970's would demand about 12 per cent interest and call for about \$309 monthly payment, with total payments over the 25-year period adding up to almost \$93,000. The difference between \$57,600 and \$93,000 (over \$35,000) represents the impact of a 12 per cent interest rate instead of 6 per cent and might well be the purchaser's income for two or more years.

The affluent levels of our society can carry the extra burden without much trouble; the people in average circumstances can manage with some inconvenience or difficulty; but those of low income are completely crushed by the system that has allowed interest rates to climb so high, and need special assistance in order to b

decently housed.

An important point to keep in mind about interest rates is that they are all-pervasive, working through every aspect of the economy. In housing, they affect not only mortgage payments, but every phase of the industry—land, servicing of land, labour and materials. Interest is the unseen villain that no one wants to talk about in the inflation crisis. For example, if the speculator or developer purchases land today with money borrowed at 12 per cent, he must double the price of the land in six years just to cover interest charges.

In short, many people of modest income will have their nose to the grindstone of housing costs for most of their working life and many families of low income will suffer for lack of decent housing, not because lumber costs too much or construction wages are too high, but because society worships at the altar of a money system that feeds upon exorbitant and unconscionable interest rates. This money system may well be the undoing of our civilization. It is said that the Roman Empire decayed and was finally destroyed, not by the barbarians who overran it, but by malaria which slowly sapped the vitality of the people. The malaria of our society, and indeed of Western civilization, may prove to be the present money system with its sky-high interest rates. *How dangerous!*

The ramifications of interest charges into the field of housing run in all directions. The average person paying high charges for housing today may turn to the ones nearest at hand and blame builders for exorbitant costs. But in truth, the builders, as distinct from the developers, are not the chief villains in the piece. Construction profits in the last two decades have been rather modest, and many small builders experienced a decline in profits over the past ten years. The layman or consumer pressed by housing costs is inclined to put the finger on those who are most visible, the builders, suppliers and workers, forgetting the invisible ones who manipulate the money system and profit greatly from it.

Relating Costs and Income in Co-ops

One of the prime objectives of housing cooperatives is to provide accommodation which the members can afford, in other words, housing that is not a financial burden and a lifetime encumbrance. But

it should be understood that cooperatives, even though they are non-profit and no matter how efficiently they are run, cannot escape the impact of the money system and the fiscal policies of the nation. If the normal market cost of interim financing during construction is at 13 per cent, this is a factor that must be built into the final cost. If banks and trust companies are paying 9 per cent or 10 per cent on term deposits, we can hardly imagine credit unions paying only 6 or 7 per cent in order to provide interim financing to a housing cooperative at 10 per cent. In short, cooperatives are in many respects captives of the system and the financial environment in which they operate. They can change or moderate some things, and they generally try to do so; some things they cannot change and have to live with. So, people planning to organize a housing cooperative or looking forward to living in one someday, must not expect financial miracles just because it is cooperative. It cannot provide accommodation at \$150 per month which cost \$200 to put in place, unless some form of assistance is forthcoming to make up the difference.

But non-profit continuing cooperatives aiming to provide housing at cost and accommodation which people of a broad mix of income can afford, still have a number of things they can, and indeed must, do to match costs with income:

□ First, cooperatives bring people together with an information and education program that includes learning about housing costs and where and how they can be reduced. Individuals going into the housing market alone are liable to plunge, sometimes rather blindly, perhaps to keep up with the Joneses, and often get in over their heads. Study groups preparing for a cooperative project begin by learning the financial facts of housing, and members of discussion groups help one another to be sensible about housing needs and realistic about long-term costs.

□ Non-profit cooperatives remove the investment factor and the prospect of capital gain from housing altogether. People join such cooperatives not to make money on money, but to provide themselves with housing. The financial saving may not be large, if at all, in the early years for the first residents, but as the years go by, members tend to benefit greatly because the capital cost of their shelter has been frozen. That is why well established and well run housing cooperatives usually have long waiting-lists of prospective members. One in

Calgary, completed in 1972, is reported to have 500 applicants seeking admission at the beginning of 1976.

☐ Cooperative projects are more likely to provide housing that people can afford because they eliminate certain costs, in addition to ordinary profit, which other forms of housing can hardly avoid. In a cooperative there are no sales commissions to be met when members either join or leave, and there are no legal fees to be paid by the individual members for the transfer of property, since they do not acquire individual ownership. A member simply joins a cooperative; he does not buy a unit or purchase property. If a condominium owner wishes to move from one unit to another because he wants either smaller or larger accommodation, he will have to go through a legal process involving property deeds. This is not the case in a cooperative.

☐ Since the members of a cooperative have no prospect of individual gain on their housing, they are not interested in acquiring land which can later be sold at considerable profit, and are content to lease land from the public domain where it is available at a reasonable rate for ground rent.

☐ Cooperatives have learned there is much to be saved in housing costs by economical designs that are the result of group planning and consultation with architects and planners. Some of the cooperative projects, though unfortunately not all, now operating in Canada were the lowest per-square-foot cost in the local market. One cooperative in British Columbia saved over \$100,000 in construction costs though it employed a builder using only union labour. In another under construction in Ontario at the time of writing, members are saving a great deal on appliances because of the study and investigation carried on by a committee of members who volunteered to gather all the information on appliances they could lay their hands on. All such efforts help to bring housing costs in line with ability to pay.

☐ Several cooperatives have found there are considerable savings to be made through getting water, gas and electricity services on bulk meter. However, some cooperatives after study of the alternatives have decided against bulk-metering.

☐ Non-profit cooperatives in Canada have the benefit of a low rate of mortgage interest, and an assistance grant under the National Housing

Act. Combined these have the effect of reducing monthly housing charges substantially. These provisions in the NHA do not necessarily indicate a strong preference for cooperatives on the part of the federal government, for the same benefits are available to other non-profit projects that are not cooperatives. In the case of cooperatives, special concessions are justified since the members forgo the prospect, under present conditions the certainty, of making a profit on their housing when they leave. In some cases, the provincial government and municipalities also offer grants and concessions to non-profit cooperatives in return for including in membership a certain percentage of low-income people who would otherwise have to be accommodated in public projects, perhaps at greater expense to the public purse. The net result is a reduction in housing costs for all members of the cooperative.

☐ Many cooperative projects also have an internal kind of subsidy created by imposing a surcharge on members earning a higher income, to be used to assist those of lower income. This is simply another device designed to bring about an equitable relation between housing costs and ability to pay. The amount of surcharge is dictated by the differential between the interest rate for non-profit housing and the regular NHA interest rate.

☐ As stated earlier, cooperatives favour the concept of rent supplements payable to members with a low income. It simply means that an individual or family whose income cannot meet the market price for housing, is subsidized according to need. Such a system has the effect of reducing the overall cost of providing assistance to those in need since it relieves the government of the responsibility of constructing, maintaining and managing housing projects. Generally, cooperatives are able to operate more economically than public housing projects.

Chapter 5



A Home of Your Own

"If I ever become a rich man,
Or if ever I grow to be old,
I will build a house with deep thatch
to shelter me from the cold."

**Hilaire Belloc, in
The South Country**

"How many billions of dollars will be wasted before this country
abandons the myth that every Canadian family is entitled as a
matter of right to a single-family detached house?"

**William Gold, in
The Calgary Herald**

The Family Home

In the quotations above we see two conflicting views of the single, detached house. The great English writer of the last generation, Belloc, pictures it as a comfortable home, a place of warmth and contentment, a refuge from a troubled world. The Canadian journalist sees it as a wasteful form of housing and a myth that should be discarded and removed from modern social planning.

There is some truth in both viewpoints. If it were possible for every family to have a separate, detached house of its own, that is what the majority of Canadians would prefer. However, the Calgary writer is telling us this is no longer possible and should therefore be abandoned as a housing objective. Unfortunately a long time must pass after a policy or program is proven wrong before its momentum is finished, and so the single, detached house and programs to continue it will likely be with us for many years to come. But it is this Canadian insistence on the single, detached house as a standard to which every family ought to aspire, and towards which they should be assisted, with public funds if necessary, that lies the root of many of our housing problems and the present housing crisis in this country.

The Canadian preference for the individual house standing on its own lot is shown by the housing statistics for the thirty years 1946-75, since the end of the Second World War. In that period about 4,194,000 housing units of all types were built throughout the country, and of these about 2,372,000, well over half, were single, detached units.

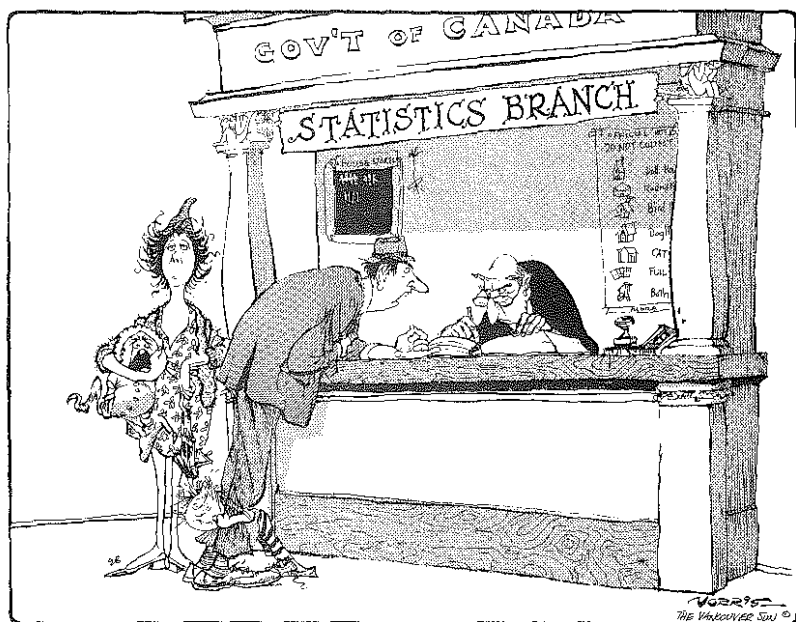
Twenty-five years ago, when the process of rapid urbanization was just beginning in Canada, the separate, detached house was assumed to be the normal form of shelter for the Canadian family, and in 1950, for example, over three-fourths of all housing units completed were separate detached houses. The ownership of a home was considered a mark of good solid citizenship and most young couples planned to move into their "dream home" some day.

But between 1950 and 1970 the proportion of separate detached houses built in Canada declined steadily, as shown by these figures:

Year	Per Cent
1950	77
1955	71
1960	64
1965	49
1970	38

Multiple housing, apartments, row housing and townhouses were overtaking single, detached houses until they were well below half the total of new housing.

Then, beginning in 1971, as a result of demographic changes coupled with new programs in support of individual home-ownership, there was a steady increase in the number of separate detached houses built, reversing a twenty-year trend. This form of housing, which was assumed to be on the way out, began a remarkable comeback and now represented about half of all new units built, in spite of sharp increases in cost. The actual figures in 1975 were 123,929 single detached out of a total of 231,456 housing starts, or about 53 per cent. If semi-detached (duplexes and doubles) are added to the singles, the proportion was about 60 per cent. This says a lot about housing policy, Canadian preferences and national economic planning. It is doubtful, however, if this trend in favour of single, detached housing



"I'd like to report three housing starts . . . we got a start when we learned the price . . . another start when we heard the mortgage interest . . . and an awful start when we saw the property tax."

THE HOUSING CRISIS

The problem of housing can be pictured with grim humour, as in this cartoon from The Vancouver Sun, but for many Canadians it has become a problem that cannot be solved by families on their own individual initiative and must be faced by group action.

can continue for long, because ownership of new homes in the traditional style will in a few years be out of the reach of all except a rather small minority of well-to-do families, and the great majority will inevitably have to turn to some form of multiple housing. During April 1976, the average selling price of a house in Toronto was over \$61,000. The average family in Toronto cannot be considered a customer at that price level.

But of course the existing stock of single houses will last for many years to come, indeed for several generations, and will continue to have an enormous influence on the housing market, especially as residential land becomes more scarce and still more expensive. This influence will affect the availability of mortgage financing, because trading and speculation in expensive single detached houses can eat up billions of dollars of mortgage money without producing a single unit of housing.

In passing, it is interesting to note that Canada and the United States are the only nations that have paid lip service to the idea of a dream house for the average family, and that have attempted to solve the problem of urban growth by the endless multiplication of single-family dwellings. We have developed a strong commitment to the concept of castlehood and it will take many years and huge amounts of money before we turn our thinking to less expensive and less wasteful forms of shelter.

Encouragement of Home-Ownership

One of the reasons for the popularity of single-family, detached dwellings is that this form of housing has been encouraged and assisted by legislation and public policy and given preferential treatment in mortgage financing. The home-owner has been regarded as a first-class citizen, while the one who preferred to or was obliged to rent accommodation received second-class treatment. Indeed, the home-owner has been pampered and subsidized, the tenant neglected and often overcharged by comparison. But owning a home has been considered such a good and fine thing that owners have grown to accept their privileges as normal and proper.

For many years the National Housing Act operated largely as legislation to assist individual home-ownership. Until recently, first

consideration was given to those who aspired to become owners. CMHC was first organized and for long administered as a mortgage company to help make the largest possible number of people owners of detached houses in the suburbs of major cities. NHA loans for home-ownership were given at a lower rate of interest than loans for rental housing. Municipal taxes for rental accommodation have generally been higher, and of course passed on to the tenant.

Similarly, housing lots in land assembly projects financed under the NHA were sold at a favourable price to prospective homeowners, who were then free to make substantial profit on resale and who, in a grim kind of irony, often combined in neighbourhood organizations and "citizens groups" to prevent low-income people from getting subsidized housing. Much of the history of Canadian housing is a record of subsidy, privilege and protection for the haves, and neglect, discrimination and overpricing for the have-nots.

Encouragement and support for ownership of single detached housing is to such an extent the heart and core of housing policy that most new measures and programs are simply an extension or modification of what we already have, rather than anything really innovative and different. Over the past twenty years, little that is basically new in housing has been given much of a chance because all our energies were directed towards new twists to an old formula. As the cost of single detached houses rose steadily and sometimes sharply, the solution was to increase the maximum NHA loan, to reduce the percentage of down-payment and increase the percentage of lending value, to manipulate interest rates and extend the amortization period. Instead of looking at the root of the problem and trying to find a cure, policy-makers have occupied themselves with applying bigger band-aids or changing their location.

The Assisted Home Ownership Program (AHOP) at the federal level, and the Home Ownership Made Easy (HOME) in Ontario and similar programs in other provinces, are simply a stretching or straining of the old pattern in a vain attempt to make it fit changing conditions. AHOP (Assisted Home Ownership Plan) scales down the rate of interest, extends the period of repayments, and even provides loans interest-free for the first five years, all in the name of enlarging the area of home ownership. But it doesn't come to grips with fundamental problems. It does not reduce inflationary pressures in the



**COTE DES NEIGES COOPERATIVE
LACOMBE STREET, MONTREAL**

This cooperative was formed in 1975 when the tenants in a group of 23 houses on Lacombe Street in the Cote des Neiges area of Montreal learned that their houses were to be demolished to make way for a new development. They organized to take over the housing through a cooperative and thus preserved the neighbourhood and took responsibility for its management.

housing market, and it does little to reduce the price of housing. It tends to push people on a marginal income into housing that strains the family budget. It did not produce a single unit of housing in Toronto in 1975. But the strongest criticism of all such programs is that they operate to the advantage of a narrow band in the whole spectrum of need, to the ultimate disadvantage of those below this band.

In the meantime, the attempts to bolster individual home-ownership as the core of our housing system continue to multiply. Some provincial governments have introduced cash grants for first-time home-buyers, a form of subsidy which discriminates against those who rent. Over many years there has been a campaign by home-owners to have the cost of mortgage payments deductible for purpose of income tax, as is done in the United States. Canada now has its own plan, a Registered Home Ownership Savings Plan (RHOSP), which permits individuals to accumulate up to \$1000 a year, free from income tax if used to purchase an owner-occupied home. This is clearly another instance of preferred treatment in legislation for those who can lay aside \$1000 a year, but obviously it is no help to the great number of wage-earners who are barely making ends meet. Policy-makers in Canada have taken too seriously the Biblical advice: "Unto every one that hath shall be given, and he shall have abundance."

It is interesting to recall that provisions were introduced into the NHA about 15 years ago to make loans available to home-owners for the construction of air-raid shelters, without any thought being given to whether protection would be required for those living in apartment buildings and rental accommodation. It must have given a certain feeling of security to our law-makers knowing that, if Canadian cities were pounded to rubble in an air-raid, at least the home-owners would emerge from the holocaust.

The Minus Side of the Ledger

The advantages of home-ownership and the benefits available from the public purse are well known and publicized. For several years CMHC has conducted a widespread advertising campaign to proclaim the benefits that can be got through AHOP. Real estate agents have been advising clients to buy property as a hedge against inflation.

Everyone has heard stories about unbelievable capital gains made in the sale of houses, especially since about 1972. Profits and soaring prices in land and housing are a prominent feature of an economic system gone somewhat mad and drifting hopelessly towards disaster.

But little has been said and written about the disadvantages of home-ownership and the negative aspects of the dream home and castlehood. Much less is known and understood about the social cost of mile after mile of single houses in the suburbs and on the fringes of all major centres of population. In these days of restraint and retrenchment, it should be generally understood that when we opted in the past for the single-family house standing on its own lot, we chose the kind of housing that is, from the viewpoint of the individual owner, the most expensive to build and the most inefficient to operate, and from the viewpoint of society, a formidable obstacle to good urban development and a heavy burden to the public purse. It is the little castle of the average solid citizen, some distance from the city centre, that has pushed municipalities to the edge of bankruptcy.

The chief reason usually given for owning a single detached house is the security it affords. But this security is often more apparent than real, and it is generally real only to the extent that alternatives are not available. A rough rule-of-thumb is that a week's wages or income should meet family housing costs for a month, but in many cases the home-owner will find that, when all things are taken into the calculation, he is paying up to two weeks' wages or using a second source of income to cover all the costs that ownership entails.

A common error of prospective home-buyers is thinking that mortgage payments are almost the whole cost of owning a home. The additional and unforeseeable costs are often surprising and may be overwhelming. A simple rule that is often more dependable than real estate advertising is that the monthly cost of ownership will be at least one per cent of the purchase price of a house. Thus, the family undertaking to operate a home with a price-tag of \$50,000 in today's market must be prepared for housing costs of \$500 monthly, and this should be considered a minimum figure.

Some of the uncertainties of home-ownership are reflected in the difficulty, and indeed impossibility, of getting any kind of warranty on a house one is purchasing, and the best many builders will give is a

verbal agreement to make good any serious errors or deficiencies in construction. Moreover, home-owners could formerly count on equal payments against principal and interest over the entire term of a mortgage, but almost all mortgages are now written with a 5-year rollover clause, though it is scarcely thinkable that interest rates can go much higher than at present.

Another common error is assuming that housing costs are minimal once the mortgage has been paid off. The fact is that home-owners often find that costs for maintenance, replacements and services, even without a mortgage, are still heavy, in some cases surprisingly so. Moreover, few owners of a home include in their calculation of costs the interest lost on capital tied up in fixed assets, capital that is not available for use as long as one remains an owner.

It is also a fact, in many cases, that home-ownership decreases one's mobility and ties one down to a given situation or occupation, in addition to condemning the owner to virtual life-long indebtedness. In short, one should not jump into home-ownership without considering the handicaps of being encumbered by property. There is security of a certain kind in owning, to be sure, but too many families under present conditions are in a state of bondage to the roof over their heads and the lot within their boundary lines.

But while the merits and compensating factors of ownership of single detached houses differ greatly from one individual or family to another, the social costs of this form of housing can hardly be questioned, and they are staggering. The single-family detached house uses up and wastes land at a terrific rate, increases the cost of servicing land with streets, water and sewerage, makes public transportation more costly and in some situations almost impossible, makes all kinds of public services like schools, recreation centres and health services more difficult to provide, and tends to separate people from essential commercial services by zoning regulations, thereby making them subservient to the automobile.

When a new subdivision of single-family detached houses is completed, we have a stock of costly housing that will inevitably be underused, for more often than not, few of the homes will be used to full capacity within ten or fifteen years. A casual examination of a typical suburb built about twenty years ago, or even one's street in

such a neighbourhood, reveals a large proportion of homes with three or four bedrooms occupied by only two persons, sometimes just one. The single-family house is an inflexible form of housing while the family it shelters is constantly changing, and it is thus wasteful from a social viewpoint because it creates a stock of housing that is only partially utilized. A lot has been written about the extent to which the typical suburb of single-family houses creates small islands of loneliness and alienation in our cities. But let us leave such speculation to the sociologists and our own private observations.

All the while, in 1976-7 the building of single-family detached houses, and especially the expensive models, proceeds without letup in every large urban centre and Canada continues to be singled out by economists for having the most expensive housing in the world. Developers own great banks of land which is constantly increasing in value, and one just doesn't build modest or low-cost housing on expensive land. Logic would seem to dictate a slowdown or change-over to a different system, but the machine cannot be stopped. At the time of writing, it is reported there are over 3000 completed houses unsold and unoccupied in the Ottawa market — this in the face of great need for housing at a price people can afford to pay.

Condominiums

The condominium is a relatively new form of home-ownership that has become popular in some places in Canada within a short time and has certainly proved satisfactory for many people. It is an old form of housing in Europe but because of obsessive attachment to single houses and castlehood in Canada over several generations, it was virtually unknown here until about ten years ago, and unfortunately was not provided for in housing legislation when urban growth began to gather momentum in the postwar period. Its great virtue is that it economizes land use, land servicing and public services where detached housing is expensive and wasteful, but it has other merits and advantages as well.

The best way to describe the condominium is to say it is individual ownership of multiple housing units or attached housing of any form. It may be highrise or row housing, and it may be of medium or high density. If all the single houses in an area were pushed together or piled on top of one another, that would be a condominium. When

today's typical suburb eventually becomes too expensive and goes out of style, condominiums will increase in number. Logic will dictate that this type of alternative be used to replace wave upon wave of detached houses. The condominium will preserve the tradition of home-ownership, particularly the prospect of profit on resale of a unit.

Though we are not directly concerned here with problems associated with condominium living, it should be noted that problems do exist, with this as with every other form of housing. Some are the result of provincial legislation in which serious flaws have been found. But flaws were to be expected because the condominium was outside previous Canadian experience, and they are being corrected. But there are others: reaching agreement on occupancy rules and standards, sharing the costs of facilities which may not be used or needed by all residents, expulsion of undesirable occupants, control over the number and kind of pets, the conflicting interests of owners and tenants when some units are rented. Too rosy a picture of condominium living has often been painted and has resulted in many disappointments. Condominiums have sometimes been advertised as the final answer for city accommodation. The truth is, they are fine for many people but certainly not the ideal for all, or perhaps even the majority.

For our purpose, the important thing is a comparison between condominiums and housing cooperatives. In brief, they are similar in appearance and physical arrangement but completely different in legal set-up and organization. A condominium is individual home-ownership; a housing cooperative is not. A condominium is broken into two kinds of ownership, each individual owning a particular and specific unit and the whole company owning the common areas, hallways, elevators, grounds and the like, while in a housing cooperative the entire project and all units are owned collectively by the members through a cooperative company. A unit in a condominium may be sold in much the same way as a single house is sold; but a particular unit in a housing cooperative is never sold because it is not owned by an individual and is only leased to a member.

There are advantages and disadvantages for different people in each. The cooperative member sees his tenure as preferable for these reasons: there are no real estate fees or commissions entailed in entering or leaving a cooperative; no legal fees for changing from one

unit to another, for example, from a larger unit to a smaller one as the size of the family unit changes; the project is planned and designed on the initiative of residents, not of developers; the cooperative body itself decides who will or will not be members; occupancy rules are decided and may be changed by majority decision of members; management is selected from the beginning by the members through their own board of directors; and a cooperative ordinarily gives greater opportunity for creation of community and organization of ancillary services. Of course, the condominium owner will likely see as an advantage the likelihood of making a profit in the event of his moving from the project and selling his suite.

In substance, the condominium is not a radical departure from the traditional goal of home ownership since it merely combines the concepts of individual ownership with multiple design, while the housing cooperative, at least in the Canadian setting, is essentially different. It attaches new ideas of ownership and control to traditional forms and designs.

In a Nutshell

The gist of all this is simply that the great majority of Canadians in the future will have to settle for something different from, and perhaps less than, a dream home standing on its own lot. The pressure on suitable residential land, the growing energy crisis and the need for less expensive and wasteful ways of providing shelter will force us to come together in various forms of multiple housing, hopefully imaginative and pleasing, preferably of medium density and designed to harmonize with the environment.

But Canadians are not going to abandon overnight all the traditions and ideals of the family home, nor should they. They will want to have a feeling of ownership and be masters of the roof over their heads; and if they cannot do this individually, they will want to do it collectively in neighbourhood groups. And this, in essence, is what a housing cooperative is all about.

Mobile Homes

The mobile home is a prime example of strange contradictions and anomalies in Canadian housing. While policy-makers stress the



A HOME OF YOUR OWN

A CO-OP MOBILE HOMES PARK

A mobile home provides instant housing for a considerable and growing number of Canadians. From the cooperative viewpoint, the best arrangement is for the mobile homes to be owned individually by the members of a cooperative which owns or leases the land and park facilities.

need for alternatives, the mobile home as a form of housing continues to be surrounded with misconceptions, obstacles, prejudice and discrimination. Though the great majority of mobile home-owners are people of modest means, mobile homes have generally been opposed rather than assisted by public authorities. It is one form of housing that owes little to public financing and government subsidy. Development of the mobile home industry has been an uphill struggle all the way.

A family that wants instant and affordable housing and chooses a mobile home is often victimized by restrictive municipal regulations, compelled to borrow under the most oppressive terms and obliged to deal with an unscrupulous operator of a mobile home "park". If there is a Cinderella in the story of Canadian housing, the mobile home is it. Even the name creates a misconception, since over 90 per cent of mobile homes are not mobile but remain in a fixed place.

This form of housing got off to a bad start in many places. The unsightly collection of mobile homes in a helter-skelter setting was all too common in former days, and instead of developing attractive parks for them, many municipalities, frequently under the influence of conventional builders and home-owners, simply banned them. In addition, some mobile home construction was formerly flimsy and below building standards.

But mobile homes, in spite of opposition and prejudice, have made remarkable progress, at least in some provinces, especially British Columbia, Alberta and Nova Scotia. The mobile home industry, now building to recognized standards, is growing and in 1974 reached a record of 33,000 new units. This is not an insignificant figure, for it represents about one-fifth of the annual housing starts of single dwellings in the country. In the United States, over half of all new single-family dwellings built each year are mobile homes. Cinderella may be dressing to go to the ball.

The key to the acceptance and growing popularity of mobile homes is appropriate parks, their beautification, decent facilities and good management. The mobile home is not attractive standing by itself and it cannot be easily or suitably combined with other forms of housing. It needs its own setting and environment to be appreciated, with trees, gardens, recreation facilities, and a variety of

supporting services, including public transportation.

With proper planning and imaginative layout, a mobile homes park can become a beautiful neighbourhood and a very desirable community. Housing agencies and public authorities should begin accentuating the positive and help to make this become a reality instead of throwing up roadblocks at every turn. The lending restrictions on mobile homes would soon disappear if the parks were what they should be.

The ideal arrangement for this form of housing is one under which the mobile homes are owned individually while the park is owned and controlled cooperatively by the residents themselves. This would end the state of quasi-feudalism under which some families in mobile homes are presently compelled to live. British Columbia has two cooperative parks for mobile homes.

Chapter 6



A Place to Stand - A Place to Build

"The ownership of land is the great fundamental fact that ultimately determines the social, the political and consequently the intellectual and moral condition of a people ... we must substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil ..."

Henry George [1839-1897]
in *Progress and Poverty*

A stranger to this country would imagine that Canada, the second largest of all nations in land area, with 23 million people, a relatively small population, would have little or no trouble over land for housing. But an abundance of land notwithstanding, Canada has serious land-use problems. The stranger would be amazed to find that land is, without doubt, the greatest of all problems associated with housing in Canada, and the land factor the most stubborn, perverse and uncontrollable of the components in the cost of shelter.

Indeed, though most people do not realize it, the cost of land touches everybody every time we move, whether to purchase a home, rent an apartment, buy clothes for the children or shop for a few groceries. At every turn the consumer pays a toll to a landowner, either current or of days gone by. A senior housing official recently described land costs as "completely wacky", but it is not so much the costs that are wacky as the land system itself. It was never rational, but it is now on the verge of madness. It is not extreme to say that the majority of Canadians are living under some degree of bondage to private land ownership. Many Canadians visiting various parts of Latin America where peasants live and labour under a feudal system controlled by powerful landlords, immediately identify land reform as the thing these poor people need most of all, but it never occurs to them that land reform of another kind may well be what people in Canada need just as badly.

We read articles almost every day now condemning land developers who are making unconscionable profits from their holdings, and of course these accounts are usually true; but the real truth is that everyone is a land speculator under our system, that is, everyone who owns a piece of land. The very system makes extortionists of all who hold land, whether ordinary citizens with a home to sell, farmers, the CPR, religious orders or multi-national corporations sitting on huge chunks of vacant land waiting for future development. Land of course does not go bad, so a speculator can afford to wait a long time if he obtains the land for almost nothing in the first place. Even government gets into the business of land speculation under the present rules of the game. In the end society itself is blighted by the system, and as usual the ones who are hurt most are the poor, for the market mechanism operates to the advantage of those who are its masters.

The Canadian Landocracy

In our deep attachment to the idea of outright ownership of land, we forget that land as private property is a relatively new thing in human history and that it is still a concept alien to many cultures, including that of the North American Indian. The native Indians of Canada and the United States originally knew only what Henry George called a "common ownership", and their loss of freedom and degradation went hand in hand with the destruction of that kind of ownership and its replacement by private ownership by foreign intruders.

At some stage in our social and political evolution, we will no doubt have to return to a common collective ownership of all land, placing it in the public domain instead of having it in private hands. Common sense has already forced us into doing this for much of our forest wealth—it was simply too important to leave under private control. But it is going to take another generation or two to apply the same sort of reasoning to urban lands, and in the meantime the problem of securing decent and affordable housing for all will continue to plague society.

The control over land for urban development during the past many years, and particularly in the last five, is not something which the nation can be proud of. The record reveals us as a society

engrossed in private gain at the expense of the public good. Instead of something to live on, land has become a commodity that makes millionaires.

A particularly seamy side of this whole business has been the link, sometimes overt but often hidden, between land developers and people in public office. Only a few municipalities in all Canada have made a serious effort over a long period to direct land development and thus control their own urban growth. In almost every city, land for future expansion has fallen into the hands of a small knot of powerful developers, some of them multinationals, with the result that urban planning is virtually beyond the control of citizens and their elected officials. For example, in the Ottawa area, six large developers own about 70 per cent of the land available for future housing. The reason citizens are not rising up in arms against a nefarious land system is because so many of them, even in a small way, are part of it.

The injustice of it all comes into ironic focus when high-priced land has to be acquired for public housing or other forms of housing for low-income people, which results in an additional burden in the overall cost of a project that is passed along to taxpayers. An example of just this type of situation was evident in the \$93,000 profit a member of the Ontario legislature made on one acre of land in Thunder Bay that was to be used by the Ontario Housing Corporation for low-cost public housing! When citizens grumble about the cost of certain public services, they may forget that these services generally include a heavy contribution in perpetuity to the profit system built into their operation. The CNR is a very good example.

For the most part, neither politicians nor bureaucrats have acted with consistent responsibility as custodians over the public domain in land. Acre upon acre, mile upon mile of the landscape, has been deeded over, given away, or sold for a song. What should have been the common heritage of the people for all time became the private preserve of an individual or a company. Efforts to keep land under public control have been brushed off and overruled. When one provincial government tried to insist, as a matter of principle, on only leasing lands it held, it was rebuked by Ottawa and told that its chances of getting additional federal money for land banking might be jeopardized if it insisted on being doctrinaire about land ownership. Similarly, some efforts to establish the principle that lands purchased with funds from the public purse for land assembly and urban renewal

would only be leased and never sold, have been brushed aside by political pressures and the bright prospect of private gain. In brief, the story of urban land in Canada has usually been one of the common good and the public interest losing out to speculation and the private-profit motive.

The Land Factor in Housing

A measure of the growing crisis in the housing industry in Canada is the steady rise in the land component as a proportion of the overall cost of housing. As recently as twenty years ago, the relationship between land and house was such that the lot accounted for only twelve to fourteen per cent of the total cost, and as low as ten per cent in the smaller communities. Now the ratio for all detached dwellings financed under the NHA is about 21 per cent, and 25 per cent in large urban centres. In a few very expensive metropolitan areas, land accounts for over 30 per cent of the total cost of a property with detached house, rising to the absurd figure of 41 per cent in Hamilton in 1974-75. It is easy to see that land costs more than any other factor have pushed a great many people out of the housing market altogether. The regrettable fact is that no one can claim we could not see the problem coming. The proof of this statement is seen in the figures for the City of Saskatoon, where the ratio is still only 18 per cent because the city fathers, presumably, did see it coming. It is a self-evident law of human settlement that the land factor in an open market is bound to loom larger and become more costly as urbanization proceeds and cities grow. Municipal administrations which take no steps to offset this pressure with countervailing public action are as remiss in their duty as a health department which prescribes no special precautions in the face of an approaching plague or dreaded epidemic.

There is a difference of opinion whether high land costs cause high house costs or vice versa. The two go hand in hand and the relationship is likely to be a chicken-and-egg matter, one causing the other and in turn being influenced by the result. In the case of existing housing, the value of a house tends to add to the value of the land, while for new housing the reverse is likely to be true, for no one is going to build low-cost housing on expensive land, not unless somebody, presumably government, absorbs the land cost.

Meanwhile, frightening predictions are being made of the levels to which land costs are going to soar in the next ten to twenty years in major Canadian cities if recent rates of increase are allowed to continue. For Toronto, Vancouver, Hamilton, Ottawa, Victoria and Edmonton, projections indicate lot prices ranging from \$30,000 to well over \$100,000 by 1985. Ridiculous to suggest that the price for a house lot could go over \$100,000! Of course it is. But then, no more ridiculous than suggesting twenty years ago that a lot in Ottawa, on which stands a modest house which cost less than \$9,000 in 1955, would now be valued at about \$24,000!

The relationship between lot prices and average income in a city brings the whole question of land values into dismal focus. Ten years ago the average Ottawa resident could buy a house lot for about two-thirds of his yearly income. Now his income for a full year will fall far short of the price needed to purchase a lot. Family income in Ottawa has almost doubled in the past decade, while land values have quadrupled, increasing from about \$5,000 per lot in 1964 to almost \$20,000 in 1974. If this trend continues along the same projection line, we can easily imagine a public servant in the national capital area having to spend four to five years' income just for space to build a home.

What Makes Land Valuable?

There is no other commodity or possession which varies in value more than land. An acre of land may be priced anywhere on a scale running from zero to a million dollars or more, often much more. Its value or market price depends for the most part on three things: its location, the natural resources attached to it and the improvements made to it. For centuries some people have argued that there should be no private ownership attached to land by virtue of its particular location or the resources conferred by nature or the improvements made at public expense; but that a private owner should have full right of possession of the improvements made to the land or placed on it. Throughout our history and until quite recently such a philosophy of ownership would have been unthinkable to most Canadians, but as urbanization gathers momentum many are giving this view serious thought and a few are strongly advocating it.

This new and perhaps strange concept of land simply says that no

425 Houses for Sale


**COLLINGHAM
WESTDALE**
\$52,900

- 1) new listing
 - 2) large pie shaped lot
 - 3) rear fenced
 - 4) 1142 sq. ft. of living space
 - 5) recreation room with bar
 - 6) extra bedroom in basement
 - 7) family room or playroom
 - 8) cement side drive
 - 9) 5 room, 3 bedrooms
 - 10) wall to wall carpeting
- To view please call Vic Lesser 339-0988 or
Fred Kent 253-5755

**CRESTVIEW
RISBY STREET**
\$59,900

- 1) 8 rooms
 - 2) 5 bedrooms
 - 3) bi-level
 - 4) 60 ft. frontage lot
 - 5) 2-4 pce. bath
 - 6) paved side drive
 - 7) 9 1/2% mortgage
 - 8) 1658 sq. ft. of living area
 - 9) recreation
 - 10) immaculate condition
- To view please call Vic Lesser 339-0988 or
Fred Kent 253-5755

**WINDSOR PARK
HAMPSHIRE**
\$39,900

- 1) 7 rooms
 - 2) 4 bedrooms
 - 3) split level side by side
 - 4) partially carpeted
 - 5) 2 baths
 - 6) 20 foot frontage lot
 - 7) 5 3/4% mortgage
 - 8) newly decorated
 - 9) 6 3/4% mortgage
 - 10) built in stove
- To view please call Fred Kent 253-5755 or
Vic Lesser 339-0988

425 Houses for Sale

**ARONOVITCH & LEPSIC
LIMITED
COMPLETE REAL
ESTATE SERVICE
SINCE 1905**
SHE'S HERE. HE'S THERE

Help them get together by seeing this delightful bungalow 3 BRs. fully carpeted. Lge. bright kit. Cut it up in the roomy family rm., with bar. Extra room ideal for overnight guests. Take over lge. mtge. at 10 1/4% or I'll assist you in arranging a new mtge. Well worth the visit, at \$49,900. Offers invited. Call ROLAND PAILLE 257-1837 or days at 947-1151.

YOUR ROASTED TURKEY

Will taste better in this cozy DR overlooking raised patio & fully fenced rear yard. You'll appreciate the convenience of a 2nd washroom, 3 good sized BRs, family room for family gatherings. Clean & Bright. Ready to move in as is. Bargains aren't found; they're recognized. See for yourself at \$49,500. Call ROLAND PAILLE 257-1837 or days at 947-1151.

RIVER HEIGHTS**NEW LISTING**

\$35,900

Cozy older home just off Academy Road. Lge. LR opening into bright sunroom. Kitchen, DR & sewing room on main flr. 2 BRs and main bathroom upstairs. Garage in rear garden. Ideally located for schools, shopping, buses, etc. Call LYNN BROWN 453-5637 or PAUL BERGMAN 284-1818 or both days at 947-1151.

NEW LISTING**VALLEY GARDENS**

Premium 3 BR bungalow. This is a must see home. Absolutely spotless and artistically decorated. L-shaped LR & DR with charming bay windows in each room. Bright, tasteful kitchen with oak cupbds, opening 2 ways. Rear garden fully fenced with a private patio at rear entrance. Early pass. LYNN BROWN 453-5637 or PAUL BERGMAN 284-1818 or both days at 947-1151.

HOUSES FOR SALE

In most urban markets in Canada at present there is a surplus of houses, new and old, as shown by the classified ads section of daily and weekly newspapers. But are they houses which the average buyer and family in need can afford?

individual or group of individuals can claim ownership of something they did not produce nor have responsibility for, but that they should enjoy full possession of what they did produce and are responsible for. Therefore improvements made on land, whether farming, a factory or a house, should belong to those who made them, but the land itself, like the air and sky, should remain in perpetuity in the public domain.

Land is like no ordinary commodity and should not be on the market. If it is valuable, its value was built up by people through many generations and by the mere presence of other people rather than the person who happens to be owner now; and it is especially irrational that expenditures made by government for public services should result in great private gain for present owners. In short, there is a social increment in land values that belongs to all the people. Under the present system, one can become wealthy, and many have become wealthy, by performing no service, making no improvements and doing simply nothing. In an earlier age our society considered it necessary to have private ownership of farm land to ensure security for the individual who wanted to work, but by perverse alchemy this right of ownership is applied in modern industrialized society so that the owner of urban land will never have to work.

What citizens are beginning to wake up to is the fact that the nature of land holding and land development in Canada has changed fundamentally in the last twenty-five years and especially in the last ten. Formerly, land for housing and immediate urban growth was in small holdings and was obtained to meet the needs of many small builders from year to year or a few years ahead of construction. Small builders are still numerous but they are no longer the chief producers of housing in Canada. The whole industry is now concentrated in the hands of a rather small number of massive corporations, most of them horizontally integrated and some of the largest under multinational control. The old question of who owns Canada has taken on new meaning which is frightening as well as ironic.

The present situation is simply this: about fifty large private development companies control the greater part of the land needed for future urban development in Canada. In some cities, for example, Mississauga and Thunder Bay, one large firm holds a virtual monopoly on land development. In some cases, large corporations are

set up in typical integrated fashion to embrace land, housing, apartment buildings, hotels, shopping centres, insurance agencies, distribution of fuel oil — name it. In most places, municipalities defaulted in control of land for their own development and now public action comes late, since in the twenty or so largest Canadian cities private development firms hold upwards of 120,000 acres, while government agencies hold only about half that amount. We hear much about the shortage of land and that this shortage is the cause of high prices, but the truth is that large developers hold sufficient land for years to come. Shortage of land is a myth which developers have profitably exploited.

In brief, much of the most valuable urban land in Canada is gradually coming under the control of fewer and fewer large development corporations, to the point where we can easily imagine somewhere down the road in time, and not so very far off, when a handful of big firms will own the greater part of the choicest land in the metropolitan areas of the country. The power of these firms rests basically on the ownership of land, their economic clout and political influence. The situation calls up the words of the prophet Isaiah: "Shame on you! You who add house to house and join field to field until not an acre remains ...".

Because of the unique characteristics of land, it is fairly obvious that its private ownership can never be reconciled with housing programs designed for the weaker members of society. Yet we continue to try. One of the early resolutions of the Vancouver Symposium on Human Settlements called for "securing for the community of unearned increment from land sales." Henry George, in *Progress and Poverty*, written one hundred years ago, called for the same reform in almost the same words, but a society wallowing in greed didn't get the message then either.

Public Ownership and Control of Land

There has, of course, been some intervention by government in the banking, control and development of land in Canada and in a few places municipal action has been substantial and even dominant. Saskatoon has already been mentioned — its city government provides about three-fourths of the land required for residential development. A special case is the land acquisition program of the National Capital

Commission, which has purchased and expropriated considerable acreage on both sides of the Ottawa river. But as a general rule, action by public bodies has been limited and late, and indeed a great deal of government action has been in the direction of fortifying and even financing private interests, and in some cases land that was once in the public domain has been sold on the open market for private development. Private ownership has been the norm, public ownership the exception.

Since 1950, the federal government's main activity in land development for housing has been through a system of land assembly, by which the federal-provincial partnership on a 75-25 basis, under terms of the NHA, acquired raw land, serviced it for housing and then sold it to prospective home-owners and builders. The bulk of the land so assembled was in Ontario, more in fact than in all other provinces combined. Quebec would have no part of the program. The total acreage held in land assembly projects was about 27,000 acres, from which about 35,000 lots were developed. While profitable for some, the program did not have a strong impact on the overall land market in Canada.

The important point is that the federal-provincial land assembly scheme did not depress the market but rather tended to follow it. It never eliminated land speculation and perhaps was not intended to. In the long run it merely supported the market and indeed actually facilitated the conventional market. Moreover, after the first sale there were no restrictions on resale, so that home-owners really enjoyed the advantage of having the government carry out the task of land acquisition for them. Thereafter, the sky became the limit. Just another case of public action being turned to private gain, and the social increment becoming profit through the magic mechanism of the market.

Since 1967 the emphasis in land acquisition under the NHA has been on loans to the provinces rather than the creation of federal-provincial land assembly projects. In this program several provinces as well as Ontario, but chiefly Manitoba and Alberta, have participated, banking about 30,000 acres in all for future development. Compared to private land banks, however, this amount is quite small.

The most logical and effective way, it would seem, to control land development for housing is through a competent and impartial municipal administration, but few municipalities in Canada have had the foresight and resources to undertake the task. Along with Saskatoon, Red Deer, Alberta, is often mentioned as a municipal government which has carried out its responsibility with efficiency and success in this field, beginning with the purchase of a parcel of land in 1958. Under the Red Deer plan, land is acquired by the City in advance of demand, it is developed as required at the rate of about 300 lots a year and sold to either prospective homeowners or builders, and an inventory of lots is held in reserve to make sure a short supply does not drive up prices. The scheme is self-supporting and in fact turns a reasonable profit for the municipality. The initiative in overall development rests with municipal officials, not private developers, and small builders are happy because they have an assured supply of serviced lots each year. Unfortunately, the Red Deer example and a few like it are the exception to the general rule of initiative for planning lying with private developers.

Most discussions on the possibility of municipal control over land development start from the assumption that it is too late to do anything, since practically all available land is now in private hands—not much point in locking the barn after the horse is stolen. When most people think of a municipality taking over ownership of land, they imagine the astronomical amount of money needed to purchase land at present prices, and of course when the problem is seen from that standpoint they are right, for no municipality could afford it. But if each municipality had the standing option to purchase the land in every property transfer, the problem would be on the way to solution overnight, for the amount of money involved would not be great and revenue from land leasing would begin immediately to offset funds needed for new purchases. Gradually over a period of years more and more land would pass into the public domain and be leased according to requirements and demand in keeping with overall planning. Speculation, profiteering and ripoffs in land deals could be ended within a generation.

If control over land is not vested in public authority, then everybody who owns property gets into the speculation act and is caught up in the profiteering. A brief sketch will illustrate this. It

happened in a medium-size city in Central Canada, where the federal government at one time owned a large block of land. For some reason which now seems incomprehensible, federal authorities decided they did not want the land any longer and put it up for sale, reserving small parcels or lots for schools, churches and various charitable organizations at nominal prices. In the course of time one church group decided it would not build on that particular site and after a few years sold their parcel at a handsome profit. The land finally ended up as part of a housing project providing rental accommodation in which some of the members of the original church congregation found their home. Those of modest income are heard complaining about high rents, but it never occurs to them that their own church had a hand in the whole business. Meanwhile, one of the members of the finance committee of the church was overheard saying he wished the church could get into another land deal, it made the problem of church financing so much easier!

Land for Housing Cooperatives

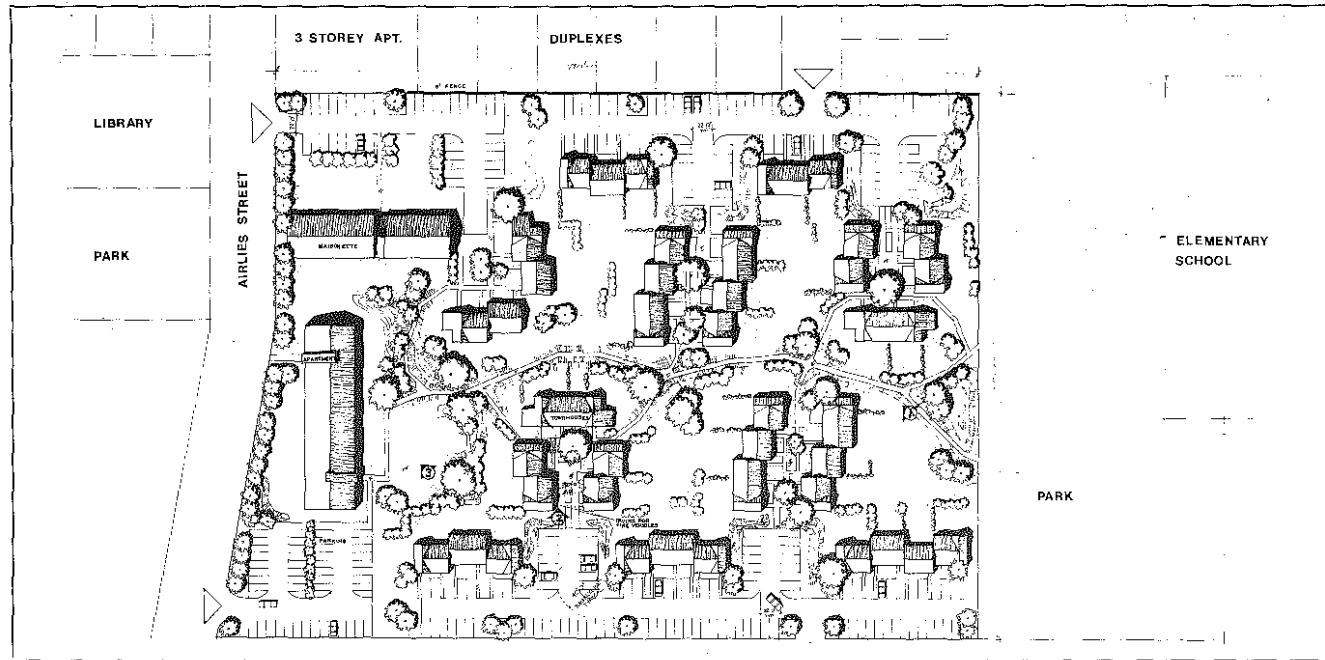
The problem of getting suitable land has been one of the most formidable obstacles to housing cooperatives since they were first proposed in the early 1960's. The situation encountered by the continuing type of cooperative was quite the reverse of the experience with building cooperatives for personal home ownership, for in the case of the latter, municipalities and other levels of government, especially in Nova Scotia, generally went out of their way to provide at least raw land and later serviced lots. As recently as 1974, the Government of New Brunswick was willing to give cooperative groups top priority in land assembly projects for self-help home building.

But the attitude towards continuing cooperatives has, until quite recently, been discouraging, perhaps because they were too much like rental housing rather than traditional home-ownership. The organizers of Willow Park in Winnipeg had to go through interminable debate with city officials for two years before securing leasehold to a location that was, at that time, far from ideal. Municipal councils, by and large, have been eager to listen to entrepreneurs with proposals for housing citizens of modest means, but have been hard to convince about the merits of the people of modest means owning and operating their own housing.

As a result, most plans for housing cooperatives have had disheartening delays and setbacks in obtaining land. Some have had to make do with second-choice locations, some have had to pay too much for land, and a number have had to give up altogether. Fortunately a few were encouraged and helped by municipal administrations, in Vancouver, Ottawa, Thunder Bay and Victoria, and as a result we know how much easier it is to put a viable project in place when the land factor has been taken care of.

Across Canada, the land component for cooperative projects has been handled in a variety of ways. The Sarcee Meadows Cooperative in Calgary, the largest in Canada, and Ashworth Square, Mississauga, purchased the land outright and it is now owned by the cooperative. In Abbotsford, British Columbia, Co-op Villa started from a land purchase made by the local credit union. Several co-ops in British Columbia leased land from the City of Vancouver or from the provincial government. The Barrett government had an excellent arrangement whereby non-profit groups had land made available to them from the provincial landbank under leasehold at the rate of 4 per cent of the land value and 8 per cent of the cost of services annually. The raw land on which the Willow Park complex stands was leased for \$1,000 a year for 60 years, the whole amount payable in advance. The land for Castlegreen Community is leased from the City of Thunder Bay for 50 years, and of course at the end of that period, as in all such leasehold agreements, the lease may be renewed, and in all likelihood will, if the property is well maintained and providing good accommodation. The large high-rise cooperative in Windsor, Solidarity Tower, built under the auspices of the United Auto Workers, is on land under long-term private leasehold. In a few cases the United Church of Canada has assisted substantially in providing land.

A group of citizens looking for suitable land for a non-profit housing cooperative argue that they should be given special consideration and concessional arrangements by public authorities. The rationale of their case is clear and well founded. Since no one in such a project can look forward to the prospect of personal gain, other than the advantages of living in a non-profit cooperative, their situation is entirely different from that of the individual home-owner or private entrepreneur, who will almost certainly realize a substantial profit. Secondly, as already explained, non-profit continuing



PLANNING A CO-OP COMMUNITY

The layout for Seven Oaks Gardens in Winnipeg is an example of the planning which must be done before actual construction of a housing cooperative. This community-to-be, with 92 townhouses and 29 apartments, still in the planning stage at the time of writing, will be built in relation to the local environment, including school, library and park.

cooperatives are non-market housing, they are a non-inflationary element in the economy and therefore provide a form of voluntary rent control which indirectly benefits the entire population. Thirdly, the mixed-income composition of this type of cooperative means, in effect, that it is providing accommodation for low-income persons and families for whom the public authorities will not have to build housing. In recognition of these points, the government of Manitoba, for example, offers special land arrangements to cooperatives which undertake to maintain a membership profile in which 20 per cent of residents are of low or moderate income.

In 1975 the National Housing Act was amended so that CMHC can now acquire land for leasing to non-profit and cooperative housing projects.

In a Nutshell

For long we treated land pretty casually in Canada because there was so much of it. Often, when travelling mile after mile, we perhaps wished we had less of it. We have wasted it, laid it out with abandon, gave away a great deal and took as much as we wanted of it. We boasted about having so much land, we never really bothered to make a careful inventory of it. Then urbanization "snuck up on us" and we now find we have to learn to manage land better and direct its use for the benefit of society and the common good, for it is beginning to dawn on us that we are paying a heavy price for our traditional attachment to private land ownership.

The first principle to recognize and establish in law is that the social increment in land which derives from the mere presence and clustering of people rightfully belongs to society as a whole and should result in private gain to no one. Some will call this socialism, but it is simply public ownership of something that belongs in the public domain, such as the post office, the hydro-electric system and the municipal water works, and it's what makes sense in civilized society.

Of course, some will argue that our experience with public control and disposal of land where it is presently operating has not been all that good, but in such cases the trouble is not with public ownership itself but rather with our neglect of democratic government.

If archaeologists some hundreds of years from now, searching through the ruins of civilization, come to the conclusion that a powerful oligarchy had been able in our age to gain a monopoly over the air and thus caused many millions to suffocate, they would surely marvel at the stupidity of people who allowed this to happen. But is it not obvious that stupidity of the same order is allowing much the same thing to happen to the land beneath our feet?

Chapter 8



How to Go About It

"Be ye doers of the word ..."

Epistle of James 1, 22

"We learn to do by doing."

Old adage of adult education

We have been talking about theory and ideas: now we turn to action. It is all well and good to discuss principles and hear what others have done. Now it is time to find out how to go about it ourselves. In this part of the book we shall cover the period from the time when a few friends decide to organize for cooperative housing until they actually prepare to move into a cooperative project of one kind or another.

The Core Group

The first question is: What is the best starting-point? The story is told of the tourist driving through the countryside and he stops to ask the best way to the next town. The farmer replied: "Well, if I was going there I wouldn't start from here." If your destination is a housing cooperative, there is a best place to start from. It is a rather small group of people, friends and acquaintances, who need housing or who are having trouble within their present accommodation, or who want something different in their housing. These people will all be consumers and will look at housing through consumers' eyes. Most of them intend to live in the finished product.

Many housing projects, some fairly good ones, have begun from the other end, so to speak, from the viewpoint of the producer, perhaps someone with land or a housing idea to sell. Promoters or a development group with good ideas can start a project too, but without some of the eventual residents in on the planning from the beginning it will always lack something. People with a housing project

In a Nutshell

Housing cooperatives of the kind described here are many things in one. Essentially, they are a form of rental housing owned jointly by the residents. They are non-market housing in a part of the economy traditionally dominated by market forces. They are non-profit in a field where conventions are set by the prospect of profit.

On closer examination we find that a non-profit housing cooperative is both old-fashioned and revolutionary: old-fashioned because it is simply people owning and looking after their own accommodation; revolutionary because they do it, of necessity, by groups instead of singly and because they pay only for its use and exact no toll at others' expense.

Of particular value to its residents is the freezing of the capital costs of housing at a determined level at the time of construction. For example, a 3-bedroom townhouse in Willow Park Co-op, Winnipeg, required a monthly charge of \$124 in 1965; by 1974 the figure had increased to \$165, and that increase was due to higher taxes and other operating costs. Non-profit housing cooperatives constitute a system of voluntary rent control with no battalion of government officers to police it. A large stock of such housing would be a good thing for society as well as those who live in it. It would, in effect, rationalize an aspect of our lives and culture that is becoming increasingly irrational.

Common sense would seem to dictate that non-profit projects of this kind should be the housing wave of the future. The first thing cooperative housing needs is to be understood, by housing agencies, by the general public and, above all, by those who want housing at a price they can afford. Unfortunately, in most provinces up to the present it has had few friends in high places. Perhaps the very logic of it has made it somewhat unbelievable.

No one who has been through the experience will say that putting a good housing cooperative in place is easy. But people grouped around an idea can do just about anything they consider important enough to be worth the effort.

joining a new credit union today when one moves from Halifax to Calgary or Nanaimo.

The composition of the membership and arrangements for mixed incomes are new features that are a distinctive characteristic found in Canadian housing cooperatives. National Housing Act provisions that call for a broad income-mix have been in effect since the early 1970's. Previously financing was provided under the Act for limited-dividend non-profit housing to private organizations and sponsors who built and maintained housing for people of low incomes. The regulations prevented the occupants of such projects from being the owners. In other words, a charitable organization or a wealthy sponsor could own housing to accommodate the poor, but the poor themselves could not own the roof over their heads; they could only be tenants. It seemed that the fact of their being poor or of low income somehow disqualified them from decision-making.

But the Act was amended to make ownership of housing through a cooperative possible for low-income individuals and families. Regulations were written to allow members to remain in the cooperative, if and when their income rose above the low-income level, by payment of a surcharge. As a result, cooperative projects built under the new legislation provide accommodation for people of low, medium and above-medium incomes, with the members of higher incomes paying higher housing charges to compensate for the favourable interest rates given to non-profit projects. The great social significance of this arrangement is that the poor can now be owners of their housing, and this housing need not be a segregated ghetto easily identified as a subsidized neighbourhood solely for the poor. In many situations nowadays, especially in the larger metropolitan areas, the cooperative alternative is virtually the only way by which people of modest means can become owners of housing, make decisions about their accommodation and enjoy proprietary rights.

In a typical cooperative project built in the last few years, it will be found that perhaps 60 to 70 per cent of members will be of medium income, while 20 to 25 per cent fall into the group where subsidy is required. At the other end of the scale 10 to 15 per cent will be in the higher income range. The ideal composition would be something that roughly reflects a cross-section of the population as a whole.

The arguments in favour of a purely non-profit operation and against equity build-up in a housing cooperative are pretty solid. It is virtually impossible to say what the share value might be at any particular time. This can only be determined if the whole project were to be sold, and that is not going to happen. In any case, the total equity increase in the first few years of a mortgage is very small. If members were permitted to withdraw increasing sums of money over many years, it would become increasingly difficult for new members to join, and in time only well-to-do people, able to make a large down-payment, could become members. This has already happened in housing cooperatives in Europe where equity build-up is allowed.

Based on these and other arguments, continuing housing cooperatives in Canada have come down squarely on the side of non-profit and no equity build-up. The only modifications now generally accepted are: members will be paid their equity in "constant dollars" to allow for inflation, and they will also be reimbursed for any improvements made in their unit, up to a certain maximum, usually 10 per cent of its value, if authorized by the board of directors. This means, for sake of illustration, if a member is required to pay \$800 towards capital on entering a cooperative, and inflation has been 20 per cent in the five years following, he would receive a \$960 payout on leaving, plus payment for approved renovations. The incoming member would then contribute \$960 to replace the money taken out. However, members may decide, by general regulation, that payment will not take the inflation factor into account.

The biggest objection or criticism to this system is that a member leaving this kind of non-profit cooperative is cast into a housing market without the necessary equity to purchase a home, but there are several arguments from the opposite view. First, the member does leave with a nest-egg of savings, since he has his "down-payment" back, along with whatever he has saved from lower housing charges in the co-op; and second, he is in much the same position as anyone else leaving rental housing. Of course, the only final and completely satisfactory solution for the problem will come when there are numerous non-profit continuing co-ops in all cities and major centres across Canada. Then, when a co-op member is moving from one location or place to another, he can simply apply for membership in another co-op and move into a similar complex and find the same type of accommodation and a new home. The shift may be just as easy as

another person through the operation of the co-op. This gives a new dimension to the concept of non-profit. However, the concept is not entirely new in other cooperatives because even in a consumers' co-op or marketing co-op, the individual member cannot withdraw social capital that derives simply from increased value of assets over a number of years.

It is well also to note the difference between, say, a marketing cooperative and a housing cooperative in the source of any profits it may earn. If it is marketing, any profit is made by handling the members' products; but if it is housing, the member is saving money (profiting) by using the assets of the cooperative.

It should be clear too that "non-profit" as applied to housing has nothing to do with the builders and professionals, architects, engineers and lawyers, who are employed in its construction. It can be assumed that they will expect to earn their normal fees and compensation. Indeed, it has sometimes been observed that non-profit housing may be fairly profitable for these.

The question of capital investment and each member's equity is probably the most difficult and controversial in the development of housing cooperatives. It is one reason why some people "simply don't understand how they operate." A housing co-op becomes a valuable piece of real estate; a project of 100 units is probably valued at \$3 million, and if inflation and soaring prices continue it could be worth \$4 million ten years from now. The crucial question in the minds of many people is: how much is each member's share worth, and what could a member take out on leaving the co-op, say, in five or ten years?

This question is almost never raised in other cooperatives. A person who has been a member of a credit union for ten years does not expect to draw out his theoretical share of the increased value of the building and premises when he leaves; he takes with him only his savings and the interest assigned to them. Ordinarily a co-op member thinks of a share as always remaining at par value: \$100 in, \$100 out. Indeed, one of the original thoughts in the minds of pioneer cooperators years ago was to eliminate speculation altogether from capital investment. They put the necessary capital in the organization to provide a service, not to make money on investment.

all because it is different from both renting and ownership, and indeed is a sort of mixture of the two. As far as the individual or family member of a co-op is concerned, cooperative tenure is a special kind of renting. Each member has an occupancy agreement with the cooperative, spelling out the conditions under which a house or suite is leased. Monthly payments are made the same way as rent, but are frequently called "monthly charges" or "housing charges" to distinguish them from rental payments to a private landlord. Membership in the cooperative and the occupancy agreement go hand-in-hand, and when one is ended the other is subsequently dissolved. In actual practice, of course, one of the chief advantages of the cooperative set-up is the security of tenure by comparison with conventional renting, as long as the occupancy agreement is properly observed.

The relationship between member and the co-op is something quite special and obviously different from the casual relationship in any other kind of cooperative. One may be a member of a credit union and visit it only rarely. The bond between a policyholder and an insurance cooperative is generally reduced to a notice in the mail once or twice a year. But the bond between a housing cooperative and a member is something one lives with daily. Furthermore, one's ownership in, for example, a credit union is largely individual savings, while ownership in a housing cooperative is collective. The whole membership as a group makes the rules governing the cooperative, while the individual member must observe the rules and decisions made by the majority.

The term "non-profit" may be misleading for some. When applied to a housing cooperative, it does not have the same meaning as in other types of cooperatives. In a farmers' marketing cooperative, for example, the organization normally has surplus earnings on business operations, but it distributes these to the members and patrons as users of the service. Thus the cooperative is distinguished from other business not by the fact that it makes or does not make a profit but how it distributes it. A cooperative member may personally profit from the operation of a marketing cooperative while the cooperative itself does not profit.

But the term "non-profit" as applied to a housing cooperative means that the individual member will not gain at the expense of

"There is no saving in a housing cooperative that cannot be made in a condominium." This is not correct. In addition to the fact that the condominium owners have no control over planning and construction costs in the first place, they also have individual legal costs and real estate fees which the co-op members will not have.

"A housing cooperative can't be very permanent because a majority of the members at any time might decide to sell out the whole project if they see the chance for a big profit." In the first place, if it is a non-profit project financed under the NHA, there would be no advantage in doing so. Moreover, the members have joined the cooperative to get housing and they are not likely to give up what they most need; and if they were to sell, what satisfactory alternative would there likely be? The possibility of a sell-out is remote indeed.

"I imagine that one's life in a housing cooperative is pretty strictly regulated and that everyone knows everybody else's business." In this respect a cooperative is not very different from other kinds of multiple housing, except that the members collectively have the responsibility of running it successfully and trying to make it a good community to live in. There has to be some balance between the needs of the group and the desires of the individual; this is so in any neighbourhood or human settlement. A person living in a cooperative project is not always able to do just as he or she pleases, but at the same time is not subject to undue regulation or interference by the whole group.

Certain Important Features

A few important features may need further explanation to ensure that the essentials of a housing cooperative are fully understood.

The word "continuing" as applied to a housing cooperative needs some explanation. It is used simply to distinguish this kind from the building cooperative, organized for the construction of single houses for home-ownership, which is a temporary organization for the building period and is usually dissolved when the houses are finished or sometime later. The housing cooperative is "continuing" because it goes on indefinitely, presumably for as long as the physical structure lasts.

The form of tenure in a housing cooperative may not be clear to



MAIN - GERRARD CO - OP

An existing house taken over by a housing co-op in east end Toronto offers a home in an established community for families that would otherwise have to live elsewhere, perhaps an unreasonable distance from their place of work.

"Being in a housing cooperative is just the same as renting." No, it is entirely different. In rental housing, the tenants do not own the housing, nor do they make the rules for its operation and management.

"Housing co-ops are a cheap kind of housing." Not at all true. In fact, the prospective members of a cooperative project insist on good construction because they know that cutting corners and using low-grade materials usually results in higher maintenance costs later. Most cooperative projects would rate better than average in design and construction. Two of them won Massey Awards in 1975 for excellence in residential design.

"If a cooperative project is going to be well built, then it is going to cost the members just as much as other housing—there is no other way to make savings." This is partly right, but only partly. It is true, of course, that a cooperative must keep building costs under control and within limits, otherwise it will turn out too expensive. But generally the major savings in a co-op start when construction has ended and the members have settled in for a year or two; while private housing rents keep escalating, the co-op keeps its costs under control. In this respect the members are going to be in the same position as an individual home-owner, who will find that the cost of housing increases only because operating costs increase.

"But how is it going to be possible for a group of ordinary people to go through all the difficulties of getting a housing project built!" They don't have to. In most parts of Canada there are experienced resource groups and various agencies to help and guide them. A group of 50 or so people organizing themselves to have a project built are going to go through somewhat the same process as an individual who has a custom-built house put up.

"To set up a housing cooperative, the members or at least some of them have to go through all the trouble and the long time required for a project to be built." That is generally true, but there are alternatives: they may purchase a completed project or one under construction; they may purchase existing housing and renovate it according to their needs; if it is public housing, in some provinces they may be able to buy or lease it and run it cooperatively.

will require savings and credit services, food and household supplies, insurance and a wide range of services, all of which lend themselves to cooperative and self-help action. A good housing cooperative, as we shall see, and as been already demonstrated in many places in Canada, can be the foundation from which families can get full benefit from the cooperative idea.

Popular Notions, Mostly Wrong

A new idea has to combat erroneous notions held about it. Every scientific discovery or innovation has to become known and then win its way through to acceptance. Most of the everyday things we enjoy today were opposed when first invented and introduced. So it is with this new idea in housing, new at least to most Canadians.

It can be fairly said that the very concept of a continuing housing cooperative is understood by relatively few people in Canada, even those in responsible positions who are making decisions on housing projects almost daily. Not long ago a man employed at the federal level in housing, who should have known better, admitted during a conference: "I must say frankly the whole purpose of a cooperative in this field escapes me". Indeed, it has escaped many, but fortunately it is now becoming better known and appreciated, though misconceptions persist, sometimes perpetuated by deep-seated prejudice or by vested interests in the housing industry. Here are some of the popular notions, mostly wrong:

"Housing co-ops are for low-income families and poor people." This is a common view but quite inaccurate. The fact is, until about 1971 housing cooperatives in Canada were mostly middle-income since there was no special provision for them in the National Housing Act. In recent years almost all housing co-ops in Canada, and indeed all financed under the NHA, provide for a broad mix of incomes. Basically, a cooperative is for anyone who prefers having things done the cooperative way, though for obvious reasons it often has special appeal for the weaker and disadvantaged members of society.

"Housing co-ops are just like public housing." They are not. A public housing project is owned and managed by a government agency, while a cooperative is in the hands of the member-residents.

both should vote. Some would go further and argue that children who live in the project and have reached voting age should be eligible for voting membership too. While this may appear to create a situation with one unit carrying one vote while another would carry two, three or more, it is simply a parallel of what exists in political democracy. A cooperative should always come down on the side of democracy and involve the largest possible number of people.

Different kinds of cooperatives have different policies about payment of interest on capital supplied by the members. Any interest paid to the members would simply result in an increase of monthly charges and would merely mean shifting money from one pocket to another. The sensible policy is to allow no interest on the capital or "down payments" which all members must provide when becoming a member.

The same kind of reasoning applies to any money that is left over after all expenses have been paid. In a consumers co-op operated in the conventional way, a member receives what is often called a dividend (the "divi" in Britain), which represents a proportionate part of the surplus after all expenses are paid. If a housing cooperative operated in this way, it would set the monthly charges at, say, \$240. If the actual cost worked out to \$225, the difference would be returned at the end of the year when an audit of the operations is carried out.

Housing co-ops have found, however, that it is preferable to operate without any prospect of a dividend. The monthly charge is set at a figure calculated to include all costs, including a modest reserve, and is moved up or down from time to time as necessary in order to strike a break-even point. Thus monthly housing charges are kept to a minimum.

The other Rochdale Principles hardly require any comment. Education in a housing cooperative is even more important than in other cooperatives, especially when a new co-op is being formed or before a new member joins an existing co-op. It is essential that members of a cooperative housing arrangement understand what they are becoming involved in.

As for the rule of "cooperation among cooperatives", housing offers one of the best fields for putting it into practice, since members

applying to housing. We can assume, of course, that any project will be based on need, which in many parts of Canada is significant, especially in heavily populated communities. It must be clear that the residents are the owners, and that their collective ownership of the property gives them, as a group, much the same proprietary rights and responsibilities as traditional home-ownership gives an individual. The third basic element, that of democracy, means that all members have equal voting rights and that all important matters on which there is not unanimous agreement are decided by majority vote. In a cooperative projects, as we shall see, the aim is for much more than just housing: co-ops are the seed-bed for good community and they provide the setting for good citizenship as well.

But, applying the Rochdale Principles to housing does present some problems that must be recognized from the start. It is not that these principles can be disregarded or twisted where housing is concerned but rather that they have to be interpreted in a common-sense way, keeping in mind that the original principles were written in the last century with retail shops in mind. The way in which housing cooperatives in Canada obtain government funding puts certain restrictions on the way they can operate. These restrictions, however, do not make them any the less cooperative.

Clearly, in a housing cooperative it is not possible to interpret the principle of "open membership" as in a consumers co-op, which usually adopts the policy "the more the merrier". A housing project with 150 units can accommodate only 150 members, and if there are more applicants, some will have to be put on a waiting list, or perhaps assisted in organizing another project. There has to be some sort of a selection process in forming the membership, because there has to be a fairly high degree of compatibility among members to ensure harmony and success. There also has to be a balance between income groups, a mixture of low, medium and high. However, in the selection process there can be no discrimination on the basis of race, religion or politics. The cooperative tradition of neutrality on these and similar grounds must be preserved.

The principle of "one member, one vote" would not appear to present any problem in a cooperative project, and yet it does sometimes over the question whether both husband and wife should have voting power. On the grounds of full democratic participation,

Democratic Control. The simple rule of "one member, one vote". In second-level cooperatives (wholesales, federations or centrals owned by primary co-ops), voting must be in accordance with some formula that reflects this democratic principle.

Limited rate of return on capital. This is to prevent the money factor from dominating the policies of a cooperative. In some cooperatives the members have decided that no interest will be paid on their capital.

Earnings or profits from business belong to the members, in proportion to their use of the business, and are distributed in any equitable way that reflects the basic aim of service-at-cost.

The necessity of education. Every cooperative should be engaged in programs of education, for the members, the officers and directors, the employees and the general public. In this context, education is to be interpreted in both a narrow sense, pertaining to the cooperative itself, and a wide sense, pertaining to the broad social and economic problems affecting the members and their community.

Cooperatives must cooperate with one another. This is only common sense on the surface, but deeper down it expresses the need for all types of cooperatives to work together in the spirit of solidarity in order to build a strong and influential cooperative sector in the economy of a nation, and at the international level as well.

Cooperative leaders look upon co-ops as belonging to neither the public nor the private sector of the economy but rather midway between the two, with some characteristics that resemble the public sector and others that resemble the private. In Sweden they call cooperatives "the middle way". Many cooperators, at least in Canada, would like to see some sort of balance in the division among the three sectors, producing a mixed economy that would represent the best features of all three, public, private and cooperative. Some of the more progressive and democratic nations of the world are already well on the way to this sort of arrangement in their economic structure.

Applying Cooperative Principles to Housing

It is not difficult to image these basic concepts and principles

THE ESSENTIALS OF CO-OPERATIVE NON-PROFIT HOUSING

The continuing, non-profit type of housing co-operatives now being organized and developed in a growing number of cities in Canada has certain characteristics which make it a distinctive form of housing, quite new and different from any other housing in the country. It is perhaps unique, for there is nothing exactly like it anywhere else. The fundamental elements and essential features of this kind of co-operative are as follows:

It is not public housing but private, since it is owned jointly by those who live in it. The residents, members of the co-operative, must take responsibility for running the project, providing management, and making payments against the mortgage and other operating costs.

It is not housing specifically for those with low incomes, but the co-operative undertakes to exercise control over the mix of incomes so that a certain percentage will be low-income people. The aim is to have a broad range of incomes, some low, the majority moderate, some higher, so that the average is medium. Thus the membership may be considered an approximate cross-section of the city or general area.

Co-operative projects are not cheaply constructed or designed so that they are easily identified as "low-cost housing". Good quality construction is the rule for reason of low maintenance costs as well as appearance. Good planning and design are of utmost importance.

Of greatest importance perhaps is the objective of organizing a housing co-operative not as so many units of housing or shelter, but as a community of people. A good housing co-operative becomes a self-reliant community, a sort of village within the city, where there is no class ghetto but a grouping of families and individuals of all ages held together by mutual understanding and social interdependence, with the common bond of owning housing on a co-operative basis.

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Essentials of a Co-op

There are a number of principles fundamental to the concept of continuing, non-profit housing cooperatives. The more important ones are outlined above. Without these basic principles in effect the organization is not a true cooperative.

that is alien to capitalist business, that is, democratic control, by replacing the power of wealth and capital with the power of the individual person. The holding of majority shares cannot control a cooperative, only the majority of voting members. An ordinary corporation is governed by the will of those who direct and manipulate its shares, a cooperative by the will of its users.

A true cooperative has a dual nature; it is a business undertaking combined with a social purpose. A cooperative, no matter how successful, is not an end in itself but a means to an end in terms of human needs. Charles Gide points out that the enterprise itself is only a means, while the real purpose is to satisfy economic, social and educational needs. Other business must "make money"; a cooperative has only to provide service at cost and in doing so satisfy its members' wants.

Cooperative organizations strive to be non-exploitive in their operation, and especially to be fair to those outside their membership with whom they deal. They do not want to profit unfairly at the expense of non-members or the general public, nor do cooperators wish for themselves any benefit they would deny others. Consequently, for example, a consumers co-op will not want to take advantage of agricultural producers, and cooperatives of all types usually deal fairly with employees. An eminent Japanese cooperator, Toyohiko Kagawa (1888-1960), expressed this philosophy very well when he described cooperatives as Brotherhood Economics.

Following on these basics, cooperatives are guided by a set of principles, often called Rochdale Principles, after the town in England where a pioneer consumers shop was successfully established about the middle of the last century. These principles are few in number and can be explained in simple language for all to understand:

Open and voluntary membership. People must be free to join and leave, and access to membership must be open to all bona fide applicants who can use the service. (A group of financiers in Chicago can run an ordinary profit-making business in Toronto or Vancouver, but the same group can't run a credit union or consumers co-op anywhere in Canada; nor can a group of professionals in Ottawa operate a marketing co-op in New Brunswick or Alberta.)

Cooperatives are dominant in the Canadian economy in the handling of grain in the Prairie provinces and the marketing of dairy products in several regions and they are at least known and beginning to grow significantly in most parts of the country.

There are certain basics that must not be missed when trying to understand what cooperatives are about. The first is need on the part of members. People organize and join cooperatives because of some need or gap in their lives. Scratch below the surface of every existing co-op, whether a large agricultural marketing organization, like one of the Wheat Pools, or a small neighbourhood day-care centre, and you will find there was an important service that was either unsatisfactory or unavailable to those who started the co-op.

The second basic is that a cooperative, unlike other business, must be owned by and subject to the control of those who use its services. An entrepreneur operates a business to supply the wants of customers; cooperators start a business to supply their own wants and needs. Hence, a credit union is owned and run by people who wish to save and need to borrow money, a fisheries cooperative by fishermen, an insurance cooperative by policyholders who pay for the protection, and a retail food co-op by the shoppers. A private businessman may own a business a thousand miles away which he will never need for his own use, but a cooperative operates only where there are owners of the business to be served.

This second characteristic is at the heart and core of the whole cooperative system. The typical big business in the private sector is owned by one group of people, the shareholders, who often have little control over it because they are widely dispersed and are interested only in earnings on an investment. Effective control rests with a second group of people, a managerial elite, who exercise great power and gather unto themselves great rewards in the business world. The use of the business rests with a third set of people, the customers, the consumers and the public at large. The cooperative way aims to replace this disjointed system with one in which owners are the people who control and use the service. Fundamentally, it seeks to substitute the world of conflicting purposes that exist in business and replace it with one that represents social integration and unity of purpose.

A third cooperative aim is to inject into an enterprise a feature

This kind of housing is a radical break with the past. It is probably the most innovative thing in Canadian housing today, and getting used to it is going to take a little time. Canadians are usually conservative people, especially in the matter of providing shelter, but the condominium proves they will change their thinking when there is an advantage in doing so.

What Is a Co-op?

But let us begin by making sure we understand the purpose and true nature of a cooperative, that is, any cooperative, for they come in many forms and types. In Canada, there is a great variety of cooperative organizations. The most common is the credit union, modelled after the *caisse populaire*, founded in Quebec at the beginning of the century. Fifty years ago only a handful of people in English-speaking Canada knew what a credit union was. Twenty years ago, a credit union member was something of an exception. Today, one Canadian in three is a member of a credit union, while over 60 per cent of all people in Quebec are members of *caisses populaires* or credit unions. Pretty soon the Canadian who is not a member will be the exception.

Farmers in Canada have been the most successful with cooperative enterprises and have developed various kinds of co-ops to market their products, obtain agricultural inputs and supplies, provide insurance, distribute petroleum, manufacture machinery and organize a great variety of community services. It is hard to think of an essential service that Canadian farmers have not, at some time or in some place, tackled as a group the cooperative way. In some regions of the country it is possible for farm people to obtain virtually everything they need in the way of goods and services through cooperatives. Some are very large, with business turnover of several hundred million dollars annually, some quite small and of a purely local or perhaps informal kind. The majority are midway between.

Urban people and occupational groups have undertaken a great variety of cooperatives too, and often the two, rural and urban, have joined hands to develop overall cooperative services needed by both. Credit facilities, insurance protection of all kinds, trust company services and distribution of consumer goods are examples.



The Essentials of a Housing Co-op

What is a cooperative? It is a grouping of individuals pursuing common economic, social and educational aims by means of a business enterprise.

Charles Gide [1847-1932].

Eminent French economist and cooperator.

We should not be surprised to find that many Canadians do not understand just what a continuing housing cooperative is, simply because in all respects except appearance and design it is a completely new concept in housing. It is home-ownership, by a *group* of people, not an individual. It represents an entirely new form of tenure in Canada, since the residents are both landlord and tenants. The people who occupy the housing are its owners, with the usual proprietary rights, but the non-profit concept prevents them from making a personal gain in housing as an investment.

Though a continuing cooperative project is privately owned, it is non-market housing, and the only advantage that accrues to the owners is in its use, not its sale. In this respect, the relationship between the owners and the housing is rather like the relationship between citizens and a city park or a public library. It is a social asset enjoyed individually by its users.

The housing cooperative of the non-profit, continuing type now being developed in many parts of Canada is radically different in other ways as well. It is not public housing, yet it is financed mainly with public funds and generally accommodates a certain proportion of members who are eligible for housing subsidies. The membership represents a broad mix of incomes, low, medium and fairly high. This is something quite new and different for most Canadians. Moreover, it does not seek to acquire land which will some day turn a handsome profit, for it is interested only in land for its use and therefore usually prefers to lease land in the public domain.

to sell looking for potential occupants is never as good a starting-point as people in need looking for a housing project.

This is not to say that the core group must all be laymen who know little or nothing about putting housing in place. Indeed, the finished product will likely be all the better for the presence and participation of at least a few who are well informed about housing; in fact, it is highly desirable to have experienced persons, and preferably a technical resources organization, in close touch with the group from an early stage. But the initiative must always come from those who will have to live — perhaps for a very long time — with the important decisions made all along the way, and above all pay the bills over many years.

The core group should begin from a rather small nucleus rather than a large number of persons. It is better to begin with five or ten people and grow to 50 or 100 in six months, than with 100 or 200 and dwindle to 15 or 20 in six months. A good cooperative grows by gradual enlargement of an embryonic body rather than shaking down a large mass. Building a cooperative is rather like forming a big snowball.

To be practical: don't start by holding a public meeting at which you sign up scores of people for membership. If you do, there are bound to be high expectations followed by disillusionment and a falling-away of members. A good cooperative project is not instant housing; it is the result of a seminal process that develops from within. If a public meeting is held — and it is sometimes a good way to make a beginning — set up an action committee of men and women who will carry the idea forward, but be sure to use people who represent the user-viewpoint.

The leaders and a few prospective members for a housing cooperative are often brought together for the first time by a sponsoring body interested in social problems and public affairs at the community or neighbourhood level. Some of the best projects in Canada were begun with the first move being made by a social planning council, a church group, a citizens action committee, a labour union, a credit union or other type of cooperative, or by an organization active in the field of welfare and community problems.

The core group must have good leadership, and that does not necessarily mean strong leadership in the sense of a dominant personality or a dictatorial person. Good leadership in a cooperative means democratic leadership, and the democratic leader is more concerned with developing qualities of leadership in others than in defending and strengthening his own position.

The most effective person for a leadership role in a cooperative undertaking is best described by the old Latin phrase "*primus inter pares*" — first among equals. The man or woman who would be a leader among cooperators is not necessarily the person who "knows it all" but rather the one who wants to get the essential information and share it with others. He (or she, keeping in mind what was said earlier about the important part being played by women in housing cooperatives) must have faith in people, faith in their ability to do great things as a group. The leader must believe that every individual has hidden talents and skills to be brought out and made to blossom.

In cooperative housing, the best type of leader has the ability to build a team, an assortment of people who have among them a broad range of skills and knowledge, in land, construction, housing needs, bringing people together, dealing with government, financing, business management, communications and so forth. This leadership team assembles the many pieces of a jigsaw puzzle and fits them together to make something sensible, integrated, and above all practical. If the team has its head in the clouds at times, as indeed it should, its feet must always be on firm ground. They should always strive for what is reasonable and within reach, and above all for housing that people can afford. The leader and his team must always be a step ahead of the crowd, but not so far that the rank-and-file lose sight of them, and never forgetting that the rank-and-file includes leaders too.

The democratic leader is above all sensitive to the needs and feelings of the group; he knows the problems of the group and is able to interpret them to others, especially to the various agencies and government departments they will have to deal with. He is optimistic but he never promises too much and never conveys the idea that co-ops are necessarily the easiest way to get things done. Instead, he will emphasize responsibilities along with advantages, sacrifice and unselfishness as well as what government will do to help. Thus does a good housing cooperative begin.



**COTE DES NEIGES COOPERATIVE,
MONTREAL**

Most housing cooperatives in Canada are new construction, but the cooperative system applies as well to renovated existing housing. It is likely that a growing proportion of cooperative projects in the future will be based on rehabilitation of existing housing.

Getting the Information

Housing is a business of devilish complexity. A group of people getting into a project are like a juggler who has to keep five or more balls all in the air at the same time: where to find land, what do people want for housing, what can they pay, what are government regulations, how about financing, how to explain non-profit, what about the regional planning board, will there be public transportation to serve the project, what about zoning, and on and on. The first and most basic task is to get information; find out what can or cannot be done, make contact with housing officials, assemble the facts, find out what the current housing situation really is and package all this in such a way that the members will have access to it.

This is the job of education. The core group must create a clearing-house of facts and alternatives for prospective members. It all sounds very complicated and demanding, but in reality it simply means doing for 50 or 100 or more people what one home-buyer or a young couple must do before buying a new house or purchasing an old one for renovation. Some core groups or project initiators try to leap-frog over this initial stage and assume that everyone will be happy when they actually see the housing being planned for them, but would an individual or a family be entirely happy to have a real estate agent go about the business of getting housing for them in this way? The most fundamental rule at this early stage is to orient everyone towards the educational and social approach. Education need not be dull, and need not even be called education if people think of it as boring.

As soon as the group begins to form, it may decide to start some kind of newsletter, not an elaborate glossy thing, but a simple means of communication to serve as a symbol of the first signs of cohesiveness within the whole group. Many members of cooperatives now well established can look back at the first issues of a newsletter and will recall that feeling described by the Victoria news reporter who wrote of co-op members becoming neighbours before they move in. Besides circulating essential information, the newsletter provides a mailing list of prospective members and helps to identify the budding organization by name.

A second suggestion at this early stage is to make contact with an operating and successful housing cooperative and arrange for a visit,

not just a casual call but if possible a long visit with time enough to talk with the members and get a good idea of how they did it and how they dealt with various problems.

At some point along the way, the group may decide that a full-time coordinator is needed in order to keep all the loose ends connected and to get the undertaking moving along steadily. A core group is liable to let things drag on at a snail's pace but a coordinator on the job, even part-time, will help greatly to bring ideas down to earth and get action.

Incorporation

As soon as it becomes obvious that the core group is serious about a housing project and looks as if it can become a viable organization, it should proceed with incorporation, which means that it becomes an incorporated body with its own legal identity.

In Canada, the incorporation of most cooperatives is a responsibility of provincial government; only certain types of co-ops whose activities cross provincial boundaries require a federal charter. Each province has a department or office in charge of the incorporation and supervision of cooperatives, and some have a supporting staff to assist and guide cooperatives of all kinds.

A group forming a cooperative for the first time should understand that the incorporated body which they form is, legally, something distinct and separate from them as individuals. It operates under certain rules and regulations, and of great importance to the members is the fact that their individual liability for the debts of the organization is limited. Once incorporated, the cooperative has a separate existence from the membership, which will, in the course of time, change, as some leave and others take their place. But while the membership changes, the cooperative itself continues indefinitely until it is legally dissolved.

The organizing group should immediately get in touch with the registrar of co-ops or proper provincial government official and first ask to have the name they have chosen for their cooperative reserved for them. When the name has been approved, it can be used by no other group or business.

The first board of directors is then chosen and these become the applicants for a charter. Each province has certain procedures, guidelines and requirements to be followed for incorporation, for example, the minimum number of persons required to incorporate a cooperative.

While the incorporation of a cooperative is carried out by provincial authority, it is important to make sure beforehand that the bylaws and rules governing a new cooperative conform to the requirements of Central Mortgage and Housing Corporation if it intends to qualify for a loan as a non-profit organization.

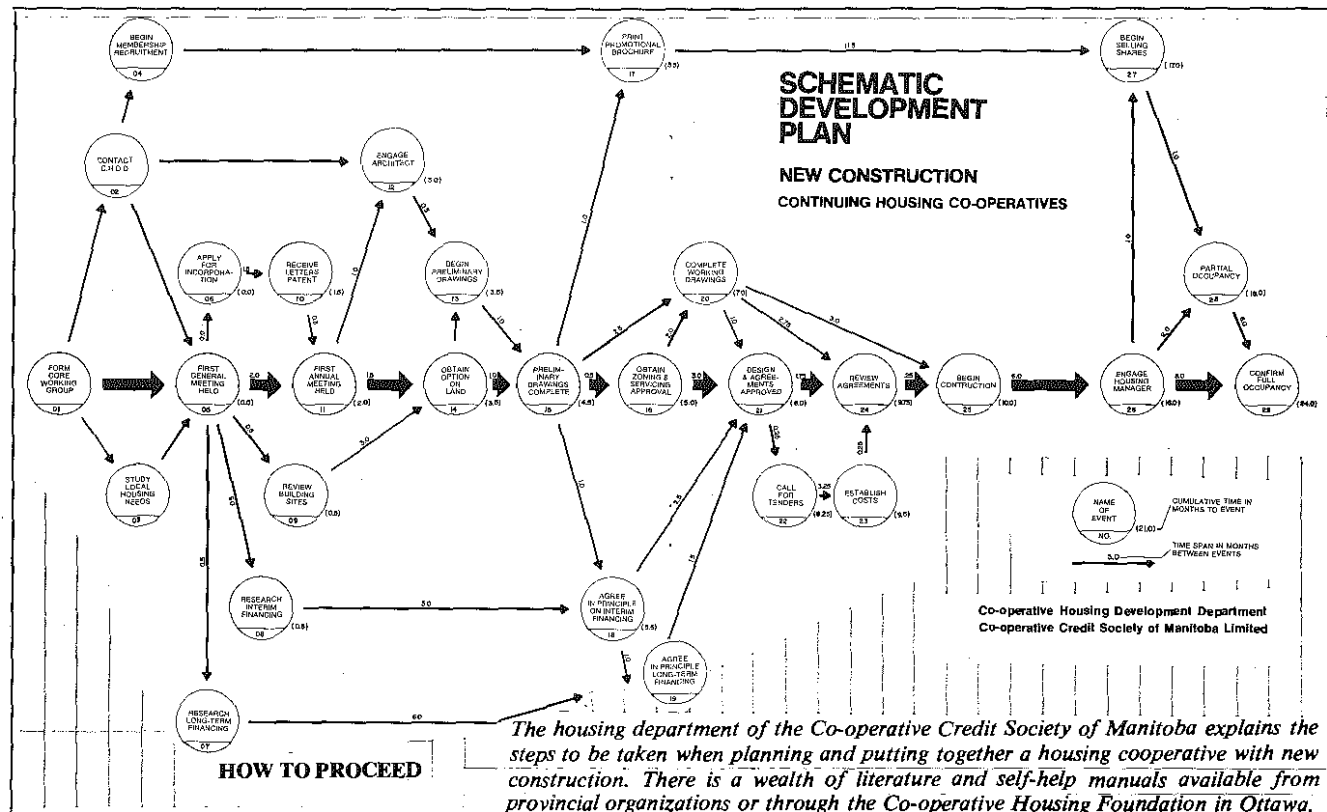
Liaison with Government

Contacting the office of the provincial government for incorporation of the cooperative will be the first of many contacts and dealings with government bodies at various levels, for housing is a field in which a cooperative organization will find itself negotiating with public officials at every turn, especially in financing, zoning and securing land.

It is best to start with the officials nearest at hand, which is the municipal level. Assistance and advice from the municipality will be of immeasurable value at the beginning and will sometimes lead to support from provincial and federal authorities. In Canada, the constitutional authority for housing rests mainly with the province, but in actual practice many of the decisions are taken at the municipal level and a great deal of the financing comes from the federal government.

Immediately we see one of the main causes for delay and confusion in housing: conflict and overlapping of jurisdiction. This situation is usually confusing for new groups and often leads to frustration. It is one of the reasons why a new housing project requires a fairly long time, usually about two years, for planning and preparation. Of course, this is part of the educational process through which a group must live in order to achieve their objective.

At an early stage, having met with municipal and provincial housing authorities and discussed plans with them, the new group should contact the nearest office of Central Mortgage and Housing



Corporation (CMHC) and acquaint the federal agency with their proposal. Application can be made for a Start-up Grant, a form of assistance available under the National Housing Act to neighbourhood and voluntary groups to help them formulate plans the test the feasibility of a housing project. A Start-up Grant is not a commitment for a mortgage loan but rather a form of help that may lead to a commitment. CMHC may make a Start-Up-Grant before a group has been incorporated. The maximum amount available to a group is \$10,000. It may be used in part to pay for the services of a coordinator and to pay necessary expenses in connection with the early stages of organization.

One of the main subjects for discussion and negotiation with officials at all levels will be the question of land and the possibility of leasing land from public landbanks. This is a matter that requires time, especially because land has to be prepared and serviced in advance. A group in the early stages of organization can hardly expect to apply for land one month and get agreement the next. It is one of the factors causing a long time-lapse in the preparation of a new housing project.

The second most important subject for discussion with officials is the anticipated composition of the membership, especially the income levels to be served by the project. If public funds, public lands and other forms of public assistance are going to be used for the project, assurance must be given on the provisions to be made for housing individuals and families of low income and others needing special assistance. Government in Canada does not give special consideration to a housing project just because it is a cooperative, but only because it is going to provide accommodation mainly to those people who are unable to cope with the conventional housing market. Of course, if people who are financially capable of looking after themselves wish to organize a housing cooperative, they are free to do so and will likely be encouraged to do so, but they should not expect special consideration or concessions at public expense.

The Community Resource Organization

Only a few of the existing cooperative projects in Canada were organized and completed without the guidance and technical services of a second group or external agency with experience in housing. A

core group working entirely "under its own steam" and without expert direction will probably take a long time to complete a project and is likely to make costly mistakes along the way. There is also the danger of each new group "inventing the wheel all over again" and taking a long time to find out what others have already learned. A small project of a few units can often be handled quite expertly by a group which includes some knowledgeable persons, but a large project usually cannot.

A parallel to this dependence on an external organization or technical services group is found in other fields in the cooperative movement. At present there are credit unions serving all regions and most localities of Canada and this was brought about largely through central organizations or leagues that take the message from place to place and help local groups get the technical knowhow they need. If each separate group or locality had been left to its own resources, there would not be a large national movement in the field of cooperative savings and credit today, and many groups would have foundered along the way.

A cooperative housing program of any significant size needs second-level organizations with the expertise and resources to work on behalf of the core group and produce housing for it. In Europe, the organization that serves as developers of cooperative projects is generally called a "mother society", and in Canada the same term has sometimes been used, though not so frequently of late. The term now used more commonly is "community resources organization" (CRO), that is, the organization which has the necessary resources, mainly personnel, to carry out at the community level the plans of a cooperative core group.

There is beginning to be quite a variety of CRO's for cooperative housing in Canada. Indeed, it is well to recall that the first second-level organization for cooperative housing in the country was Co-operative Housing Association of Manitoba (CHAM), the mother society which built Willow Park in Winnipeg. Several of the larger projects in British Columbia were constructed under the direction of United Housing Foundation and in Ontario the majority of the existing projects were organized by some kind of cooperative developer, usually a non-profit group sponsored by various organizations interested in cooperative housing. The position taken

here is that the mother society should not act as initiator of a cooperative project, as a private developer or a condominium builder would, but rather that it should be a facilitator for the user group. A CRO should not be an organization selling a project to a "daughter society" but a guide and collaborator that puts housing in place on behalf of the eventual owners. It is the custom-builder for a group of cooperative consumers.

The importance of CRO's for cooperative housing in all parts of the country cannot be stressed too much. Indeed, without them it is highly unlikely that we shall see enough cooperative projects developed in Canada to make much of an impact on the general housing picture. In recognition of this, CMHC now has a Community Resources Organization Program (CROP) for financial assistance to agencies capable of providing technical services for the development of non-profit and cooperative projects.

A community resources organization has to have competence in a variety of fields: information on housing, liaison with government departments, financial guidance, contact with professionals (engineers, architects, lawyers, etc.), drawing up agreements with builders and contractors and management training. An experienced and well established CRO will be able to undertake construction management and supervising the building of a project.

The financing of a CRO during its early years will always be a crucial matter and some groups have had trouble surviving. Some assistance has been provided by government in recognition of the work that CRO's are doing to help produce housing of good quality at the lowest possible cost. Some resource groups are more or less independent and unaffiliated, while others operate under the umbrella of an existing organization. The Co-operative Credit Society of Manitoba has a housing development department and the Toronto Labour Council has a similar agency to assist housing projects.

The general framework of a national movement for the development of housing cooperatives is taking shape in Canada. The foundation of the movement is autonomous housing cooperatives of all sizes across the country. At the middle level there are various CRO's serving as centrals, mother societies, development agencies and resource groups helping the primary societies to get established. At the

national level, serving as an information centre, coordinator and clearing housing, is Cooperative Housing Foundation of Canada, with office in Ottawa.

Different Ways to Go

Let us return to the core group at the community level. Very soon after coming together, the initiators will have to reach decisions on certain basic questions, especially: What type of housing do we want and what can we afford to carry? What size of project or how many units of housing do we want? What will be the general composition of the membership? For example, will the project include individual members as well as families? Will it include senior citizens? These questions are all interrelated and should be discussed together.

Continuing housing cooperatives can take different forms in Canada; so, once the general or potential composition and the approximate size of the target group have been decided, the most important matter is whether the project will be new construction or renovated existing housing. If the latter, that will determine the size of the project.

The obvious advantage of purchasing existing housing is that it reduces greatly the time required to start a project, but on the other hand negotiations over the acquisition of older property are sometimes long and costly. Moreover, existing housing that needs substantial renovation may be expensive simply because of its location and because it is wanted by developers for its land value.

One alternative for existing housing may be mentioned here: the possibility of public housing projects being leased by a cooperative of the residents and run by them under an agreement made with the present public owner or government partnership. We hear much about dissatisfaction with some public housing and it would be interesting to find out if complaints can be handled, vandalism reduced and the general image of these projects improved by turning responsibility over to the tenants themselves, with subsidies and operating expenses of the same order made available to them, of course, for cooperative administration.

This book takes the view that there is no one way to achieve a

cooperative community and that we shall always have a great variety of forms, sizes, designs and types of cooperatives. Still, the advantages of new construction are obvious. Future members have the feeling of coming together to create a new community and building into it their own preferences and ideas. They can include features and conveniences that may be missing in their present housing and they can plan jointly for facilities that no one family of ordinary means could afford. They can provide for playgrounds and recreation space to harmonize with the housing, and for ancillary services, such as daycare, that will be needed by the members.

Expanding the Group

We can now picture the start of a new housing cooperative as it begins to take on some form and certain characteristics. The core group has been at work for a few months; the leaders have been gathering information and spreading the word; contact has been made with various government offices; perhaps a Start-up Grant has been obtained and a CRO has agreed to work on the project; the group has been incorporated by the provincial government, let us say, as the ABC Housing Cooperative; there is also the prospect of getting a suitable piece of land on leasehold from a provincial landbank or perhaps the group has obtained an option on a parcel of land that might be purchased.

The crucial question now is how to expand the group to the right size for the project being planned. Suppose the core group consists of 15 or 20 men and women and the project is going to comprise 150 units of housing. What steps can be taken, what rules should be followed, to recruit the additional members needed for a full complement?

At this point, some founding groups are inclined to this attitude: "We started this thing and we'll see it through to completion; anyway it's impossible to interest people in a project until they can actually see the housing, at least see it under construction." This is a dangerous stance to adopt, dangerous because it immediately sets up a division into *we* and *they* inside the future co-op, *we* being the core group and *they* being the 'johnny-come-latelies'. Probably the worst aspect of this situation is that the *we* group will be blamed for everything that goes wrong for the next ten years and the *theys* will become a band of

chronic complainers, and the latter group could easily be the majority.

A second guideline, therefore, is to begin building the membership, steadily rather than by a blitz campaign, until the full 150 is reached, and even more, because there will surely be some prospective members dropping out for various reasons. The board of directors will have to decide on initial capital payments to be made, the basic information to be supplied to applicants and the means for involving all new members in helping to make decisions. Applications for membership should supply basic information on size of family, cost of present accommodation, and income. (See Appendix for sample application form.)

Who are generally potential members for non-profit housing cooperatives? The most obvious are families and individuals of low and moderate income who are having difficulty in today's market. Others are 1) young couples saving to buy a home and obliged to rent accommodation for a few years; 2) people who prefer to rent rather than own their accommodation or who are obliged to rent because their occupation keeps them moving frequently; 3) people who want to escape the control of rapacious landlords or overbearing managers of private rental housing; 4) families and individuals who require housing assistance but prefer not to live in public housing; 5) minority and ethnic groups who are having difficulty getting decent rental accommodation; 6) people being moved from an urban renewal area; and 7) senior citizens who own large homes and who wish to move to something smaller in size where they will still continue to be owners and enjoy security of tenure.

Committees

Although it sounds old-fashioned and rather naive, one of the best ways to bring about full participation by as many members as possible is through various committees, provided they are given realistic tasks to perform and made to work well. It is a serious but common mistake in cooperative organizations to let all committee work be done by members of the board. In the formative stages, as well as later on, it is much better to involve other members outside the board in investigative tasks, surveys and other duties in order to make

them responsible for some of the planning and decision-making. In this way, as many members as possible get the feeling that they have a share in whatever success or failure the enterprise may experience.

In the early stage of bringing a group together and developing a project, the most important committees will be:

- ☐ *Membership:* responsible for contacting potential members and drawing together the people who will form the community.
- ☐ *Communications:* responsible for information, educational programs, publications and newsletter.
- ☐ *Land:* responsible for securing land and studying the matter of location and site.
- ☐ *Planning and Design:* responsible for liaison with architects on matters of design, layout, siting and general planning.
- ☐ *Finances:* responsible for assisting the board on various aspects of financing the project and helping members to meet their financial obligations.

Of course, committees should not be set up merely to have committees but only to carry out specific tasks as required by the board or requested by the members in general meeting.

As organization proceeds, it is generally found necessary to set up other committees to deal, for example, with:

- ☐ Appliances and Furnishings
- ☐ Children's Recreation and Playgrounds
- ☐ Landscaping and Beautification of Grounds
- ☐ Health and Safety
- ☐ Child Care (including babysitting and daycare)
- ☐ Community Centre (to house facilities for recreation, daycare service, office, meeting rooms, health care and first aid, cultural activities, library and reading room.)

☐ Social Activities

☐ Co-op Services (to study the need for various community services that might be provided cooperatively.)

These are only suggested and are the ones usually found necessary. Various cooperative groups will have different needs, depending especially on the size of project undertaken, and will appoint committees as they feel the need for them. In some cases, two of these committees can be combined into one, and in other situations one committee should be broken down into two.

The monthly issues of the newsletter issued by a housing cooperative in Ontario still under construction at mid-1976 show that the organization has used a large number of committees to get the necessary work done; committees not only in the usual areas, such as membership, finance and education, but also in child care, health and safety, recreation, quality control and appliances. The report prepared by the committee on appliances makes interesting reading and is quite revealing. The committee consisted of five women and one man, and they obviously went about their task in a serious fashion. They circulated a questionnaire among members and gathered basic information, not only on preferences for the usual appliances, stoves, refrigerators, washers and dryers, but also on minor items like the type of closeline and stove-hoods members wanted. They compiled information on purchase price, operating cost, ease of cleaning, warranty, colour preferences, and even the number required for right-hand and left-hand instalation. They also had recommendations to make about appliances suitable for handicapped persons and senior citizens.

This is just one example of how members can contribute in a valuable way to the complex task of planning and putting a good housing project in place. The organization of working committees like this one gives meaning and reality to that much-talked-about process, democratic participation.

A few basic rules must be observed for the conduct of committees:

☐ A committee derives its authority from either the membership

meeting or the board of directors, and must aim to fulfil the specific purpose for which it was appointed.

☐ In some cases it is advisable to include a director when appointing a committee, in order to provide easy liaison with the board.

☐ A committee should first elect its chairman or leader, and a secretary. It is essential that good records be kept.

☐ A written report should be prepared for the board or membership. Responsibility for committee work should be spread among the members so that no one person is attempting to do too much.

☐ When a committee has completed its work and submitted a report, it should be dissolved. But obviously, there are some committees in a housing co-op that must be on a continuing basis, for example, those that may be appointed for care and maintenance of property, for supervision of playgrounds, or for scheduling functions in the community centre.

Funds and Financing

It will not be possible here to set out the financing of a project in detail but the main points which all members should know and understand will be explained.

The financing of a cooperative housing project is not very different from financing of an individual home except that it is a collective matter for a group rather than a responsibility for one person or one family. An individual preparing to become a home-owner will have to put by some savings, establish his credit with a financial institution, cover legal expenses, secure interim financing, arrange for a long-term mortgage loan, obtain any benefits that may be available from government sources if he is eligible, maintain cash flow to meet bills, build up a reserve for unforeseen expenses and make payment as commitments on debt fall due. The ABC Housing Cooperative will do all these same things as a single entity on behalf of 150 members at once, and the 150 members will each see to it that the cooperative is in position to do so. It's as simple as that. But just as an individual can get into trouble over financing his home, so can a cooperative if it fails in one or more of the several financial commitments it must make.

ITEM	CO-OPERATIVE HOUSING	APARTMENT RENTAL	CONDOMINIUM	HOME OWNERSHIP
control of cost	by occupants and majority vote	by management	by occupant and management	by owner
form of tenure	membership and occupancy agreement designed by members	lease-hold controlled by management	by-laws and regulations set by developer & owners	ownership
management	controlled by members	management responsible to landlord	initially by developer; transferred to owners as units bought	by owner
rules, by-laws regulations	controlled by members	controlled by landlord	initially set by developer. May be changed by vote	none
superintendent	responsible to members	responsible to landlord	initially responsible to developer, then owners	none
use of open and common space	controlled by members	controlled by landlord	controlled by owners	controlled by owner
freedom to decorate	yes — exterior change requires vote	yes — with some restrictions	yes — exterior change requires vote	yes
deposit required when moving in	loan or share purchase and month's 'rent'	first and last month's rent	down payment plus legal, real estate fees	down payment plus legal, real estate fees
notice when moving	stipulated in agreement	term of lease	find a buyer	find a buyer
possibility of profit or loss	no	no	yes	yes

Courtesy Ontario Ministry of Consumer and Corporate Affairs.

COMPARISONS

A comparison of a number of significant factors that are common to cooperative housing, apartment rental, condominium, and home ownership points up the advantages and disadvantages between the various forms of accommodation.

Down payment or member's equity is the amount of money each member will pay to provide the cooperative with basic ready funds. This is not the same as the down payment for private housing, which is the amount needed over and above the mortgage loan. In fact, many co-ops refer to it as a "member loan" rather than "down payment". We may also think of it as a membership fee. This "loan" to the cooperative is repaid when the member leaves. Many cooperatives undertake to repay in "constant dollars" to cover inflation. In the earlier cooperatives, the member loan was usually about 5 per cent of the cost of a housing unit. Now it is set at some nominal figure, perhaps \$500. It must not be so high as to be a burden to persons of low income. When this basic member loan is repaid to an outgoing member, it must be replaced in equal amount by an incoming member.

Interim financing is not a concern of the individual member but rather of the cooperative itself. It is the money or line of credit that the organization will require to meet bills during the period of construction or renovation until mortgage funds are available.

NHA long-term mortgage loans are available for non-profit housing projects with special terms: financing for 100 per cent of cost; interest rate (currently 8 per cent) well below the regular rate, term of 50 years, and an outright grant for 10 per cent of cost.

The economic rent is a term used for the monthly amount required to discharge all the costs in connection with a particular housing unit, for example, a 3-bedroom house or suite. In a cooperative it is usually called simple monthly charges, covering mortgage loan, taxes, land if it is leased, insurance, outside maintenance, management fees, community services, depreciation and reserve fund. In some co-ops, heat and light are included in monthly charges, in others the members have voted to take care of these bills separately.

Surcharges are the amounts which members of higher income pay above the economic rent to compensate for the special rate of interest given for non-profit housing. Thus, if the non-profit rate is 8 per cent while the regular NHA rate is 11 per cent, a person whose income has moved into a high range will pay as if the mortgage was at 11 per cent and the surcharge is retained by the cooperative to provide an internal

subsidy to members whose income is not sufficient to meet the regular monthly charges. The board and management of a cooperative project must keep a certain balance in the membership as between regular, surcharged and subsidized members, for example, in the proportion 70-20-10, or say, 65-15-20.

Subsidies or public assistance of one kind or another are available from government to meet the shortfall between a member's monthly income and the economic rent. These will have to be worked out in some detail with housing authorities while the membership is being formed. Just as an individual, the cooperative, when its project is completed, will have to be in position to balance revenue and operating costs.

Designing and Building a Project

Assuming that our imaginary grouping of people, the ABC Housing Cooperative, has decided on new construction, it will now move into the crucial stages of 1) design and planning and 2) construction of project. From the standpoint of the members, these two phases are quite different since they will have an important input to make in the first but only a passive and observer role in the second.

The first step, after soil tests have been made and necessary engineering surveys made, is to secure the services of an architect or architectural firm to work on design. It is generally preferable to hire architects locally if possible, since they are likely to have a greater sense of responsibility for something in the area where they carry on business and which they know best. An outside consulting architect may be brought in at an early stage of the planning.

It will be essential to have good rapport and understanding between the co-op group and the architect, as between laymen and professional, or consumers and producers. An architect who adopts a take-it-or-leave-it attitude is not suitable for cooperative housing. He must be willing to communicate with the future residents and explain why some features have to be ruled out because of cost. The co-op members for their part must be prepared to make an input into the planning in an intelligent way as a result of group study. The blending of user preferences and knowledge with the professional's technical know-how and expert advice will produce the best possible design. As

always, the question of final cost is vital, and the core group of the cooperative must be especially careful not to fall in with the plans of an architect who would like to design a monument to himself rather than sensible but attractive housing within the means of the members.

When the plans for the new project are completed and approved, the democratic process at this stage is about ended and members must understand that the technical experts have to be in charge without interference and that plans cannot be changed for every wish and whim. The board of directors will enter into contract with a reliable firm or builder and the project will enter the construction period. If the cooperative is working under the wing of an experienced community resources organization, the problems and decisions involved in design and construction will become much easier and will not take as long. How supervision of construction and quality control are to be provided is a matter for joint responsibility of the co-op's board of directors, the CRO and the architect.

Words of Warning

There are all kinds of pitfalls and impediments along the way of a group of people undertaking the serious business of putting a housing project in place. It must be stressed again that, unless it is a very small project, a housing cooperative is not an easy undertaking. Unless the core group is fortunate enough to include a few knowledgeable people, a cooperative will have to depend on a great deal of technical and expert guidance from outside. A cooperative is not instant housing, except for those who come along at a later stage when the project is well established. The foundation of a good organization is the leadership of the initiating core group combined with a high degree of participation by the user group as a whole. People who refuse to take part in meetings or assume responsibility or serve on committees are generally not the cooperative type and are probably better off in public housing or some other kind of accommodation.

At the same time, the democratic process leading up to the construction of a housing project must be kept within the bounds of reason. If there are times when the expert must hear from lay people, there are other occasions when the professional must be in charge. Every detail cannot be submitted to democratic vote. There are times too when discussion must end and action take over. A cooperative can

be destroyed by non-doers who would rather debate than act, who, for instance, imagine that democracy is well served by 5-hour board meetings that could be finished in one hour, and who want to go on forever cutting bait but never start to fish.

CHECK LIST OF THINGS TO DO

☐ Bring together a core group of 5 to 10 persons to start with, mostly persons who are interested in living in a housing co-op.

☐ Start assembling information, especially from: (1) *Cooperative Housing Foundation of Canada, 111 Sparks Street, Ottawa, Ontario K1P 5B5* (2) *Provincial organizations engaged in cooperative housing [CHF will provide names and addresses]*. (3) *The nearest branch office of Central Mortgage & Housing Corporation [CMHC]*

☐ Arrange to visit an existing housing co-op, or several if possible.

☐ Begin making contacts to add new members to the group.

☐ Select a coordinator for the activities of the group; discuss a working relationship or contract with a Community Resources Group if one is available in the area.

☐ Apply to the proper provincial government department or office for incorporation as a cooperative.

☐ Set up four basic committees from present members to deal with (1) membership and information, (2) land, (3) planning and design, and (4) finance. Other committees will be necessary as organization proceeds.

☐ Open an account in a credit union or bank.

☐ Start collecting membership fees and issue membership cards.

☐ Make contacts with officials in (1) municipal, (2) provincial, and (3) federal offices and housing agencies. In the case of CMHC, contact the local Social Development Officer first, then the Community Housing Division at head office in Ottawa if necessary.

☐ Make four decisions that will be basic:

- (1) Alternative locations and land available;
- (2) Density, size of project, number of housing units;
- (3) Make-up of membership;
- (4) Type of housing and design.

☐ Make application to CMHC for Start-Up-Grant.

☐ Engage an architect or firm of architects to prepare preliminary designs and a project proposal.

☐ Get cost estimates from builders and construction firms.

☐ Make application to CMHC for a mortgage loan.

Chapter 9



The Member and The Co-op

"Other movements have a high social aim; other movements have a broad business basis; Cooperation alone has both."

Alfred Marshall [1842-1924],
from an address given in 1889.

Certain Basics

During the formative stages some cooperative members develop the attitude and feeling that implies: "We are the co-op, and the co-op is ourselves." In a certain sense this is correct, but legally and in practice a distinction must be made: the members and the cooperative are not identical and it is important that a proper relationship be maintained between the two.

The operation and the future of the co-op has to be assured, but the needs and rights of the individual must be respected. Much of the day-to-day functioning of the cooperative has to do with reconciling the social demands of members and the business requirements of the organization. Some co-ops are a great success as business but fail as instruments of social concern, while others go far to satisfy members' wants but don't measure up as sound business organizations. The good cooperative has a dual nature: sound business organization plus social purpose.

Another way of looking at this relationship is from the standpoint of means and ends. The cooperative is means; it is an instrument at the service of the members. The members and their welfare are ends, the purpose and objective of the organization. There is an unfortunate tendency in some co-ops, as in other organizations, to worship the institution as an end in itself and make the individual person subordinate to it. In the cooperative movement we must always try to keep means and ends in perspective, otherwise we start running

towards the wrong goal. Institutions must finally be judged, not by size and imposing buildings, but on the way they serve people. In short, the cooperative must be run as an institution in the service of a community of members, and the members for their part will ensure that the business is kept in good repair in order to serve them well.

In more practical and specific terms, a housing cooperative is an institution designed to serve as the means through which the members and the general community work towards a pre-determined end which is the purpose of it all. Legally, the cooperative as a corporate body will own the housing project, and from that viewpoint the members collectively will be landlord. Individually the members will not be owners but rather like tenants. Collectively they will make occupancy rules, individually they will follow them. Each resident will therefore have a dual relationship to the cooperative, as a member of the corporate body owning the housing, and as an occupant of the housing owned by the cooperative.

Who Will Be Members?

A housing cooperative is quite different from most other types of cooperatives in the relationship between member and organization because in housing the family rather than one person is member. A man or woman may be a member of a credit union but this is a strictly individual arrangement. Others in the family will know little about it, will never attend meetings and if they do will of course have no voting rights. But in a housing co-op, all who live in the community are in a sense members, since they are residents, and the question becomes one of establishing the right relationship between the individual and the cooperative as a legal body.

How this matter is finally arranged in each housing co-op depends in the first place on the provincial legislation under which it is incorporated, and this varies from province to province. A good principle from which to start is that membership should be open to all who can legally become members. Both husband and wife should be members from the beginning.

Older children should also become voting members as soon as they reach the legal age fixed by the provincial act. Furthermore, the boys and girls who are ineligible for membership because of age might

be encouraged to attend general membership meetings as observers, although they cannot vote. It would be a good idea for the juniors in the community to have a committee of their own through which they can make their special contribution to planning and administration and also channel suggestions and complaints to the board of directors.

It should be observed that voting as shareholders is basically a capitalistic concept, and in cooperatives we should be concerned rather with establishing the right relationship between the organization and all persons who use its services. For this reason, it is recommended that in those provinces where cooperatives may incorporate either on a share capital basis or simply on a membership basis, they should choose the latter as being more in keeping with the underlying philosophy of cooperatives. Then, once incorporated, the organization should conduct its business as community rather than as a collection of shareholders.

The Occupancy Agreement

The laws of each province and the bylaws of the corporation govern the relationship between the co-op and its members; the occupancy agreement sets out the relationship between the co-op and the people occupying living space. The agreement is often referred to as the Housing Agreement and corresponds to the agreement between landlord and tenant. In each province it should be determined whether the provincial Landlord-Tenant Act applies to a cooperative. When the co-op board of directors draws up the agreement form, they should ensure that it meets the requirements of the provincial legislation.

The housing agreement sets out such matters as housing charges to be paid, restrictions on occupancy, rules for improvements and decorating, access rules, liability for vandalism or damage to property, reasons and conditions that may lead to expulsion, and requirements for termination of the agreement.

Occupancy agreements for private rental projects were usually drawn up from the viewpoint of landlords, giving them pretty wide powers and protection as owners of the property, often placing tenants in a weak bargaining position. Housing cooperatives in Canada have been giving some study to the preparation of agreement forms consistent with the special relationship between cooperative and

members, giving the necessary protection to the cooperative in dealings with irresponsible or dishonest residents but at the same time ensuring that the rights of individuals are respected and protected. An example of the form of agreement several co-ops are using is shown in the appendix.

Responsibilities and Duties of the Member

In this age of consumerism, we assume that the rights and privileges of the individual will be adequately protected. But the rights of the organization must be attended to also or it will be weakened and may die. Just as the carpenter keeps his tools sharp and does not allow them to be misused, the members must see to it that their instrument, the cooperative, is kept in good condition and not subjected to abuse in the wrong hands.

This is not the place to go into detail on the proper conduct of cooperative members but some general rules and guidelines for each member can be offered. The co-op member will:

- ☐ provide the organization with accurate information, as required on the application form. Family income details are important because they are needed to fulfil the Operating Agreement with CMHC as mortgagee, the lender under a mortgage loan.
- ☐ take part in educational programs in order to learn about this particular cooperative and gradually about cooperatives in general. People cannot really enjoy possession of something they do not comprehend.
- ☐ become familiar with the bylaws of the cooperative and the terms of the housing agreement and observe them at all times.
- ☐ pay housing charges on time and thus help to ensure that the cooperative can meet its financial commitments.
- ☐ keep active in the affairs of the organization and thus prevent it from being dominated by a small clique. As well as giving the necessary financial support, members must give of themselves, for a cooperative cannot thrive on money alone.
- ☐ let the board know of his or her special interests or experience in certain fields and be willing to serve on committees.

☐ keep in mind Peter Manniche's advice about sharing failure and mistakes as well as success and benefits. Cooperative members do not stand ready to grab at every advantage while turning their backs on disadvantages and problems.

☐ remember that, while all meetings in connection with the cooperative are important in one way or another, attendance at the annual meeting and other general membership meetings is vital because it is there that the democratic rights of members are finally exercised.

☐ stand ready to defend the cooperative when necessary, and also take the trouble to explain it to others, especially to those who are not familiar with co-ops and could benefit from them.

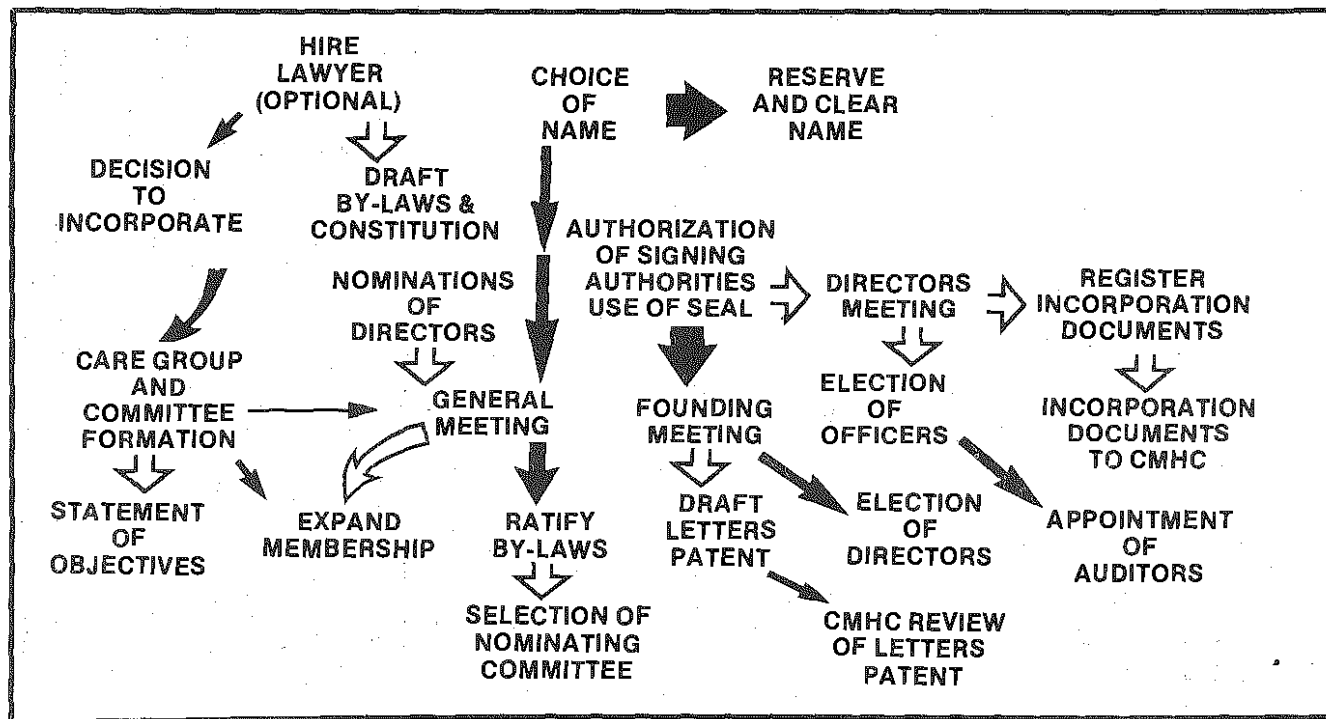
☐ note the advice of a great educator of the past generation, Eduard C. Lindeman, who wrote: "In a democracy it is not essential or even desirable that citizens should agree, but it is imperative that they should participate." Of course, this advice should not be used to press members into activities in which they have no great interest, and the privacy of persons of a retiring nature must be respected.

Condominium and Cooperative

The essential difference between a condominium and a continuing housing cooperative has been explained. The difference between the two comes into sharper focus when we consider the matter from the standpoint of membership. When a condominium project is established and finally turned over by the developer, it is administered by a condominium company in which each owner is a member. The members elect a board of directors which in turn hire management for the project. On the surface it would appear that the condominium company is much the same as a cooperative and that the members in each case are essentially the same. But the relationship in condominium and cooperative is entirely different:

☐ one becomes a member of a condominium company by virtue of owning a unit, while one gets a unit in a co-op project by virtue of being a member.

☐ not all who live in a condominium are members of the



This chart suggests the various stages of organization in the formation of housing cooperatives.

condominium company, and not all members of the condominium company actually occupy units.

☐ a condominium company has one voting member per unit, while in some cooperatives there are two or more voting members per unit.

☐ in a condominium company a person may exercise more than one vote by owning more than one unit, but this cannot be done in a co-op.

☐ in a condominium, the mortgagee may reserve the right to exercise the member's vote in the company, but this does not happen in a housing co-op.

☐ when one ceases to live in a co-op, membership is normally terminated, but this is not necessarily so in a condominium.

☐ a condominium company is made up of individual owners; a cooperative is composed of members who own property as a community.

Moving In and Settling In

From the time the first units are completed and members start moving in, until all units are occupied and the neighbourhood begins to function as a community, is a vital period in a housing cooperative. It may cover several weeks or several months, depending on the size of the cooperative and the construction schedule. It is necessarily a difficult time, when the plans and preparations of the board, management and committees will be tested and strained. If it is a fairly large project, some members will become acquainted for the first time; members will now be seen as a family group; children will appear; friendships will begin and problems will start to crop up. A few general rules and guidelines will be helpful during this period;

☐ This is the time when the project leaders will see the wisdom of making certain rules ahead of time, sometimes months in advance. For example, this is not the time to decide whether or not members can keep pets and how many; that should have been decided long beforehand.

☐ Certain formalities must be insisted on and cannot be got around.

For example, no one should be allowed to move in if the application for membership is still being considered or the required member-equity not paid.

☐ Moving-in has to be carefully scheduled, since it will be impossible to make arrangements for more than a few families each day, perhaps four to five, depending on the size and experience of staff. The board or management will have to draw up a timetable in advance so that members can make proper arrangements to leave their former accommodation.

☐ There must be a reliable source of information, under supervision of the management. Special issues of the newsletter and committees of members to welcome newcomers can be especially helpful during this period.

☐ The future spirit of the neighbourhood often gets its orientation during the settling-in period. The new members will begin to see the cooperative as community, something beyond organization and housing. The general atmosphere should be helpfulness without intrusion. This is the time to start involving young people in the building of community. They could begin by offering a babysitting service for busy parents.

☐ And it will be especially important in the beginning to see that no distinction is made between members who are subsidized and those who are not. In a good cooperative community of mixed incomes, the families in need of financial assistance will be indistinguishable from the others. No doubt, various groupings will form within a larger cooperative, based on likes, dislikes, hobbies and recreation, but prejudices and distinctions, especially those that tend to create class or divide people, should be eliminated from the start.

☐ The degree to which members are satisfied or dissatisfied with the environment of a housing cooperative may well depend on whether or not they are expecting completeness and perfection. The truth is, people should never anticipate completeness and never expect perfection. Those that do will always be unhappy. Half the joy in life has to do with facing its shortcomings and imperfections. Members should never assume that the co-op is going to be completed down to the last detail when they move in—no housing project ever is, whether

private or public, condominium or row housing, or detached single houses for that matter, since homeowners often spend half a life-time changing and improving the houses they built or purchased. The best frame of mind that members of a co-op can have on entering is that, where there are shortcomings and things to be corrected, their organization provides one of the best possible ways of getting them done.

□ Similarly, the directors and other leaders of a co-op project should be neither surprised nor discouraged to find that some members are unhappy in their new housing. The best they can hope for is that the large majority will be happy and satisfied. Some of the most glamorous and efficiently operated housing in every city will be found to have dissatisfied residents who can hardly wait to move somewhere else. Of course, this is not to suggest that the co-op board and management can ignore every complaint that comes to their attention—not at all. There must be an accepted procedure for handling complaints, and things that are wrong should be corrected as quickly as possible. The co-op should aim at perfection but realize that it cannot be reached in practice, at least not in the opinion of all members at the same time. A study of user satisfaction in housing cooperatives in B.C. in the summer of 1975 found: “The majority of co-op members are very satisfied with their living environment ... the enthusiasm which some people felt for their housing was exciting ... however a tenth of those surveyed stated that they were very dissatisfied ... ” This is not a bad batting average, considering the complexity of housing and the vagaries of human nature.

A Member's Story

No one can explain cooperative housing or describe its benefits better than the people who live in a co-op. Here is one member's story, in his own words:

While living in a northern city in British Columbia in the early seventies, my wife and I found my retirement time rapidly approaching. We planned for these years and decided to look for a home in the southern part of the province, where we could enjoy a milder climate. As our income would be limited on retirement, we decided not to invest our capital in buying a home as the earning from it would supplement our pensions. On a trip to the southern part of B.C. we investigated the housing situation both on the mainland and on Vancouver Island. We hoped to find a comfortable two-bedroom

suite located in a smaller center, but within easy reach of one of the larger cities, such as Vancouver.

On our survey we found that all types of housing were scarce and the rental rates varied from \$150 per month and up for the desired accommodation. As inflation was making itself felt it meant a renter would be subject to increases, possibly several times a year. This did not bode well for anyone on a fixed income. The possibility of rentals rising beyond our means could be seen quite clearly.

We had also read of a cooperative housing project in the publication, The Co-operator, and so paid it a visit to see what this had to offer. Situated on the edge of a smaller community, the location appealed to us as well as the comfortably built units. Built on the town-house plan at ground level, the suites contain two bedrooms, living room, compact kitchen, dining area and storeroom. There are no stairs to climb. One steps out the rear door onto a big lawn. At the front are lawns, flower beds and patio. These suites appealed to us and we hoped our application would soon find acceptance. Toward the close of 1972 we moved into one of these units.

As co-op housing projects are run on a non-profit basis we find monthly payments increase very slowly. Since 1972 there has been only one increase of \$7.25 on our type of unit. This was due to increase of taxes and maintenance costs, raising the payment from \$106.50 to \$114.75 per month. This does not include heating and electricity. The rate on the larger family units has only been increased once as well. The rate on the four-bedroom suite was raised to approximately \$220, which includes all utilities—heating, hydro and even T.V. cablevision. By comparison, in other rental housing the tenants have been subject to two rental increases a year, and the rates for two-bedroom suites in the modern apartments are \$250 and up per month.

For the past three years we have been very happy with our housing choice in this cooperative housing villa. There has been relief from the fear of housing costs rising beyond our means. This is appreciated by all, single residents, couples and families.

The people living in this villa are of all ages. There are families, single people of all ages and senior citizens. This makes up a common

community and so all participate in the usual kind of life and there is no isolation of any one group. A community center provides a social gathering-place as well as providing for common services such as laundry, beauty parlor and sauna bath facilities. The play room and hall facilities for games and other social activities bring the residents together to participate in common interests.

It is most interesting to note how the residents of varying backgrounds have adapted themselves to living in this type of project. Those coming from a big city background have once again discovered the pioneer spirit of inter-dependence and to their surprise have come to value it highly. This inter-dependence and cooperation therefore plays an important part, and the need for rules and regulations is readily accepted since they are necessary for the welfare of all.

Friendships grow with concern for each other's welfare. Where help is needed, genuinely concerned neighbours are always at hand. One's home can be left for a period of time without the fear of vandalism or damage while away, for there are neighbours who have a watchful eye on it. We look to the future with an easy mind, knowing we will have a comfortable home in pleasant surroundings as long as we need it.

Rudy Holfield.
Abbotsford, B.C.

Cooperative housing has many observers, judges and critics these days— public officials, housing experts, professionals, journalists and social scientists— but it is the men and women who have been through the experience of forming and living in a cooperative community who are best able to judge the final product.



How We Run This Place

"Cooperation is not an easier way of doing things. It is a harder way by reason of its democratic methods. It is worthwhile, not on the grounds of ease, but because of its humanism and because it is fair and equitable ... It requires the same amount of knowledge, the same skill and ability, the same loyalty and discipline, and the same industry and attention that any other form of business of the same sort requires ..."

R. K. Harper, in the Plunkett
Year Book of Cooperation, 1963.

Certain Basics

When members have moved into their new homes, the cooperative comes into full operation as a housing enterprise and a community of people, and of course the way it is run becomes of greatest importance. All the planning, attractive design, good location and high-quality construction can be misdirected and largely wasted if the project is not efficiently operated and well managed.

Basic to the running of a housing co-op is the unique nature of its set-up: its functioning rests on one body of people, the members, who own it, live in it and are ultimately responsible for its control. A private rental project may be owned by an investor a thousand miles away who has never even seen the property and has it run by a management firm with many decisions left to a local manager or superintendent. Residents are merely tenants with neither proprietary rights nor responsibility for rules and policies. In a cooperative these functions rest with the members, giving them both privileges and responsibilities.

Running a cooperative is in some ways more difficult than another kind of business because of its democratic set-up. In some ways it may be easier, and for the same reason, because the residents own it and are equally interested in its success. The purely business administration aspects of accounting, insurance protection and the

maintenance of property are the same for private enterprise and co-ops. It is the human side of the organization that is so very different.

Fundamental to the operation and management of a cooperative is its dual nature, both an association of people and a business enterprise. Social values and the necessities of good business practice will have to be kept in balance. Moreover, a cooperative must always strive to reconcile the basic conflict between individual and group: the personal rights and wishes of each member must be respected, but the overall welfare of the group cannot be sacrificed for any one individual. Thus, every cooperative is a miniature of organized society, in which there must always be adjustment and compromise between the individual and the collective. A cooperative community is not a place where one can do as he pleases, but neither is it a place of strict regimentation. It is rather a place where personal freedom and group regulation are mixed in a common-sense, reasonable and democratic way.

The manner of control and day-to-day management will depend on the size of a project. A co-op apartment of 15 units or a small project of 25 houses can be run with a great deal of self-management, but one of 100 or more houses will require full-time professional management. In a small co-op, the board of directors can get together quickly and may deal with many matters as they arise, while in a large organization there will, of necessity, have to be a delegation of authority to a manager and staff.

In the matter of administration and management, members must understand from the outset that the cooperative starts with certain restrictions, some imposed by the articles of incorporation, others by the agreement under which the mortgage was secured, and still others by general housing regulations. This means that, just as the individual cannot always do what he or she pleases in a co-op, so the cooperative itself cannot always do what it pleases. Certain commitments have been made and must be lived up to.

One basic difficulty arising from the very nature of the cooperative is the tendency to elect directors who are popular rather than competent. In cooperative democracy, honest and well-meaning persons are more likely to be chosen than capable men and women

who don't happen to be the most agreeable and pleasant. This sometimes results in weak directors remaining in office a long time and, at the next level, inefficient managers staying in positions which they are not able to handle. The members of a co-op should strive to elect to office men and women who are not going to stop short of making difficult decisions that have to be made.

The Control Structure

The control structure of a cooperative is basically simple. It functions at three levels: membership, board of directors and management. Members in general meeting elect the board, and the board selects the manager. In reverse, the manager is responsible to the board, and the board to the members. In a small cooperative, the three functions may be fused into two or even one. In a large cooperative the three levels tend to be farther apart and specialized.

The members derive their power from being owners and delegate their authority to a committee of themselves called the board of directors. This board is in charge of administering the cooperative, and it delegates the power of day-to-day operations to a manager. Ideally, the members deal with the manager and staff through the board, and the manager reports to the members through the board.

The members in general meeting, by established democratic procedure, decide on the general policies of the organization. The board of directors is responsible for implementing these policies and making specific rules to carry them out. Management takes over from there and has charge of day-to-day operations and business details.

In a well-run organization the proper time for members to exercise their rights as members is in general meeting. Similarly, directors carry out their duties at board meetings; at other times they are members without special power, unless acting as officers under the bylaws. Going one step further, management and staff, as long as they are acting under the policies and rules of the organization, must be free from direction and interference in the discharge of day-to-day business affairs. Where co-ops sometimes get into trouble is when directors interfere in daily management, when the manager starts to formulate policies, and when members fail to attend meetings where policies are made and reports presented.

This type of control structure needs to be applied with a great deal of common sense and goodwill. In a cooperative that is functioning well, with a high level of participation of members in general meetings and on committees, the structure is never a rigid piece of machinery that is troublesome and constricting.

The Board

The board of directors is in many respects the backbone of a cooperative organization. It usually includes some of the most experienced and best informed persons in the membership. In some European countries, it is known as the "Committee of Management" but the concept of the board as a management group is disappearing. It is now considered to be rather a leadership group selected by the members to protect their interests and serve as liaison between members and management. In this respect it should act in two directions, interpreting the members' needs and wishes to management and at the same time explaining management problems to members.

But the board is much more than this, for it has legal responsibilities under the Cooperative Act and specific duties to perform according to the bylaws. It is the board that gives continuity to the policies of the organization and ultimately acts as custodian of the aims and ideals of the co-op. For example, the board is mainly responsible for seeing that the cooperative has a dynamic program of education and training, even though most of this work will have to be done by committees and outside institutions. In short, the calibre of a cooperative will depend greatly on the calibre of the board.

In actual practice, one of its most important responsibilities is the choice of manager, the person that will become the chief executive officer in charge of day-to-day operations. The directors need not be managerial types themselves, but they must be capable of judging good or bad management. Where a large cooperative needs staff in addition to the manager, the board should leave the manager free to select assistants and then hold him responsible for their performance. Boards should not be involved in the details of hiring and firing; this should be delegated to the manager. Again, the situation differs greatly from one co-op to another due to size. The relationship between board and management in a housing co-op of 400 units is not

at all the same as in one with 40 units, even though the underlying principles are the same. There are many booklets and manuals on how directors should carry out their responsibilities and in most parts of Canada there are various courses of training for directors.

Some general advice and guidelines on the position of directors:

- ☐ It is advisable to have a nominating committee to select candidates who are willing to stand for election to board, but the opportunity should always be given at the annual meeting for additional nominations.
- ☐ There should be a system of rotation of directors to ensure that no one will remain on the board too long. Two terms of three years each is long enough for one person.
- ☐ Members should try to maintain a balance on the board by electing people with different backgrounds and experience; both men and women, and representatives of special-interest groups, such as senior citizens and families needing daycare service. The board should also include some directors familiar with the business and financial aspects of the whole enterprise.
- ☐ The members in annual meeting should keep in mind that the board is actually a committee appointed by the membership, that it must report to the membership and give a satisfactory accounting of both its own work and the work of the manager and staff.
- ☐ While the board, as the chief administrative body, should have overall responsibility for the cooperative, the members in general meeting may appoint other committees for special purposes, as long as they do not interfere with or duplicate the work of the board. Thus, members may appoint committees to look into or supervise such activities as daycare, recreation, control of pets, health care services, gardening and landscaping and educational programs, rather than simply saying "Let the board look after it." In such cases, expenditures from the general funds of the co-op must have board approval, and it would be advisable to include a director on the more important committees to provide liaison with the board.

Management

In housing cooperatives, the meaning of the term "management" depends on the size of the project. In a co-op apartment owned by ten families, management is usually part-time and fairly informal and can

be handled by a sharing of duties, especially the keeping records, collecting monthly charges, paying bills and checking on maintenance. In a project of 50 families, it is something more and usually requires the employment of someone with experience in management and care of housing; accounting and maintenance for 50 houses require something more than casual and part-time attention. A cooperative of 150 or more members calls for management of another order, for it involves the control of an enterprise with assets of about \$4 million and monthly accounts of perhaps \$40,000.

No firm rule can be laid down on the number and type of employees required for a given size of project or at what point it should be under full-time management. But there are certain guidelines that can be useful. First and foremost is that accounting must never be neglected or allowed to fall behind. Even in a project of ten units, the financial records are of paramount importance from the first day a dollar changes hands. If there is no competent person within the organization to look after the accounts, an outside person or firm must be hired for this work or someone trained for it.

The second rule to keep in mind is that voluntary and casual help by members and residents inside the organization can be depended on only up to a point and may easily become strained. When accounts fall behind and reports are not ready on time, casual or volunteer help may prove to be more expensive in the long run. Voluntary help is not only helpful but indeed essential in a cooperative, but you should be aware of the danger in expecting too much from it.

When it is found that directors have to meet frequently in order to deal with matters of a managerial and operational nature, it is time to consider employing either part-time or full-time management. Sometimes another cooperative organization or credit union can supply management services.

The manager of a large project, say, one with 150 households, obviously requires certain skills and ability in this field and has to be carefully chosen by the board of directors. As in any other cooperative enterprise, such a manager will be chosen for both competence in business and ability to work with people. The manager of a housing cooperative must play three quite distinct roles at once:

Business Manager: accounting, handling of finances, cost control, purchasing supplies, maintaining cash flow, employing and supervising staff, etc. In these the manager must have skills and technical knowhow much the same as in any business.

Cooperative Administrator: in this role the manager acts in conjunction with the board and various committees, dealing with such matters as member relations, social problems within the project, public relations, liaison with housing authorities, education and information, etc. In all these matters, success will depend largely on the manager's ability to work with others rather than on technical knowledge.

Property Supervisor: maintenance of property and plant, care and upkeep of buildings, beautification and landscaping, recreation areas and playgrounds. In this third role, the manager will rely on working closely with the members and their families directly and with various committees chosen by the membership.

The position of manager in a fairly large cooperative community has to be filled by a man or woman with ability and skills above the ordinary. This is not a job of merely collecting monthly charges and paying the bills, but of providing expert supervision over a complex enterprise operating 24 hours a day, 365 days a year. It is far more complicated and generally more difficult than managing a credit union or retail co-op. The social and human problems call for skills and aptitudes many people do not have. The manager will have to be a pretty versatile person rather than the strictly business type.

The involvement of government at all levels is a further complicating factor. It is for this reason that some attention is being given to training of personnel for housing co-ops, and the Cooperative Housing Foundation has begun to assemble information and material in this field. Other groups are at work towards the same end. The Toronto Non-Profit Housing Federation, for example, has prepared a course of training for directors of housing co-ops.

The Leadership Team

Earlier we considered the question of leadership in cooperatives.

It is a common error to assume that a cooperative, being a democratic organization with egalitarian aims, does not require the dynamics and drive provided by leadership. Much like any other institution, a cooperative without good leaders will be condemned to disappointing or mediocre performance.

The best cooperative organizations are those that have come under the influence of a leadership team composed of a good board and able management. This kind of team finds its greatest strength when the two are evenly matched and pull together. There must, of necessity, be division and separation of authority, the board looking after general administrative matters and policies and management attending to business details and operations. When the two have confidence in each other, they make an unbeatable team in cooperative development, but when one is weak or inept the team idea collapses and the co-op suffers for want of proper leadership.

While the board carries out its duties through board meetings and management operates on a daily basis, the two must work closely together in many fields, especially in planning and budgeting, dealing with government agencies, handling general problems affecting the co-op, public relations, educational programs, and overall plans for maintenance and care of property. The team concept should dispel any popular notion that any one person runs the co-op and makes all the important decisions. A good co-op should never be surrounded with the attitude: "See Mr. So-and-So, he's the one who has all the answers and the only one who can get things done." A one-man-show cooperative is headed for major problems somewhere down the road in time.

While the board and management pull together as a team, there should be some difference of emphasis between the two. The board will probably be closer to people and their needs, and the manager closer to the imperatives of business and the balance sheet. A co-op will be all the better for this arrangement because the board of directors will see to it that the organization is a good cooperative, and the manager will make sure that the co-op is good business. Like so much in life, good co-ops are covered with a sweet-and-sour sauce.

Chapter 11



Of Course, We Have Problems Too

"Our personalities can be redeemed if we insist upon a proper share in the solution of problems which specifically concern us."

Eduard C. Lindeman, in
The Meaning of Adult Education

It should come as no surprise that housing co-ops have problems, some that have nothing to do with their being co-ops but others that do arise from the very nature of cooperative organization. There are all sorts of reasons for problems: the urban environment itself, the design and arrangement of a particular project, the facilities available for recreation, financial difficulties, personal and family troubles, members who prove to be irresponsible, jealousy and prejudice in the membership. It is not a question of having or not having problems, but rather how we handle them and solve them.

It is in the solution of problems that people grow in both a personal and a social way. Meeting difficulties as they arise can be a creative experience that builds community. But of course, ignoring problems or lacking the courage to deal with them, or using difficulties to feed prejudice and aggravate tensions, can destroy community. If a cooperative means anything, it must be that it is a means of facing difficulties and solving problems in a rational and humane manner. Indeed, dealing with problems intelligently can be the most educating feature of living in a cooperative community.

Yes, of course, there will be problems, but they will be the members' own problems, to recognize and to solve, not somebody else's.

Problems Based on Co-op Practice

Like democracy itself, the co-op system is not foolproof; it has to

be nurtured and at times put straight. We have already considered some problems associated with cooperative organizations and stressed the fact they are not necessarily the easiest way to get things done and they tend to be a fragile instrument in the hands of those who don't know how to use them.

At the board level, a fairly common problem is that directors tend to look upon themselves as a special kind of member who can wangle favours and privileges from the organization, sometimes through contacts with the manager and staff. This must not be. A director should act as model and example for other members. The performance of the board sets the tone for the whole operation. Moreover, there should be a good measure of solidarity in the board, though not necessarily unanimity. A director should not come from a board meeting and say: "The board decided to ... but I voted against it and I'm not going to support it." That can only lead to factional division in the co-op.

Sometimes there are problems associated with management in a large housing co-op, particularly when a manager forgets the kind of organization in which he is employed. While he must be firm on many occasions, he must never adopt the attitude of running the whole show: he is not a manager of ordinary social or public housing, but of housing owned by the residents. On the other hand, of course, he cannot be pushed around by everybody, and in the area of his particular responsibilities he is always in charge.

As for the members themselves, problems will of course arise, even to the point where it becomes necessary to have a member expelled. This is a rare occasion in a cooperative in Canada and happens only in extreme cases. When expulsion seems to be the only alternative, a set procedure must be followed, and any co-op considering it should consult with the supervisor of cooperative associations in the province. There are in fact two separate actions involved. A member's right to occupy a unit ends whenever the housing agreement has been broken and duly terminated. But termination of the membership of one who refuses to leave the association can be a long, drawn-out affair.

When a co-op is in full operation and obviously successful, the matter of a waiting list of prospective members can be a problem, and

Bain Ave. tenants split on co-op ownership

Tenants opposed to a resident's co-operative that manages a Bain Ave. apartment building owned by the city lost their bid yesterday for an immediate referendum on whether ownership should be transferred to the co-operative.

Frances Wyman, spokesman for a faction of Bain Ave. tenants, told the City Non-Profit Housing Co. that "we're dissatisfied with the governing co-op structure and their push for co-op ownership."

A petition with 143 names was presented to the committee saying that a referendum was the only way to prove that residents don't want to continue negoti-

ating for co-op ownership.

The city's housing company took over the 260-unit apartment building in September, 1974 on the understanding that the Bain Apartments Co-operative would take title to the property as soon as it had achieved financial and managerial capability.

Members of the co-operative's governing council want to hold off the referendum until the terms and conditions of the transfer are worked out.

Michael Dennis, city housing commissioner, said details should be completed within the month and agreed that was the proper time for a vote.

PROBLEMS CAN BECOME SERIOUS

The formation of a housing cooperative is not all clear sailing. Problems have to be faced and solved, and this takes good leadership above everything else.

different co-ops handle it in different ways. At the time of writing there is one large housing co-op in the West with 500 applicants on a waiting list. Obviously a certain procedure in selecting new members has to be established, and this is a responsibility of the board of directors. Some countries use a simple "first come, first served" system in co-ops and when a vacancy occurs the name at the head of a list is taken. But in the Canadian system this is not workable because of the necessity to maintain an income-profile in keeping with the mortgage operating agreement, for a certain percentage of low-income members must be included. Of course, there is also the need to match size of family with size of available accommodation.

The problem of paying for auxiliary and additional services deserves some mention. For example, who should pay for a daycare centre or a new swimming pool, the whole community or only those who use it? In some cases, the cooperative may provide the capital cost of a daycare centre, while the members with young children pay operating costs.

The Matter of Rules

In a housing co-op there are bylaws to regulate the operation of the cooperative as an organization (for example, how many directors on the board?); there is a housing agreement which each member signs in order to get accommodation (containing, for example, the number of days of advance notice to be given when leaving); and there are rules which the members make to regulate the details of operation and general conduct of the residents (for example, will pets be allowed? what kind? how many?).

Rules are obviously necessary in a large project, but needed in a small one too. Everyone must understand what can and cannot be done. Certainly, a co-op which has no rule about how many persons will be permitted to occupy a suite or a house will soon be in deep trouble. One couple with no children, occupying a two-bedroom unit, may decide that cousins with five of six children will move in for the summer.

Rules are derived from general or majority agreement on the part of members, rather than imposed by the board. People who have helped to make rules are less likely to break them. So it is unwise for a small core group to begin to lay down hard-and-fast rules for a

hundred. It is also better to wait until at least half the full membership has been enrolled before making some of the rules, for example, rules controlling the keeping of pets. On the other hand, this kind of decision cannot be left until members begin to move in.

Rules obviously cannot be included in the housing agreement, for they may have to be changed from time to time, but the agreement should state that observing the rules of the community is part of the contract.

Rules are an aspect of community life that can often be handled better by a committee of members rather than the board. For example, a members' committee to handle complaints will greatly ease the work of the board and at the same time will avoid the image of directors as super-policemen over all activities of the co-op.

Environment and Design

Various factors of environment and design have great influence over user-satisfaction in a housing project and can easily lead to problems. A thought to keep uppermost in mind at the planning and design stage is that the average Canadian's first love is the single, detached house. The majority of Canadians grew up in a house standing on its own lot, and this remains the dream-home for many, whether they can afford it or not. Satisfaction in multiple housing will depend on how nearly it comes to their picture of a home, with its freedom and privacy. Soundproofing is a matter of paramount importance. People are not going to be happy in housing where they cannot make some noise when they want to, or where they cannot play loud music at times, and where they can hear everything happening next door. Control over the noise level is a prime factor, for any dwelling loses much of its appeal if one cannot find peace and quiet there. The design should, if at all possible, provide for some outdoor space where a family can enjoy privacy.

The matter of design raises the whole question about highrise, a controversial question if there ever was one. This writer happens to believe that the highrise is an undesirable form of family accommodation, especially where there are young children, and that highrise construction of dwellings should be kept to a bare minimum, not only because it is costly but also because it is ugly and unnatural.

No residential building, except a downtown hotel, should be built higher than a tree can grow. Some very beautiful cities exist in Europe without a single highrise. In this country the highrise is a costly device for the maximization of profits on a given piece of land.

Facilities

A good housing project is, of course, not just living space indoors but also living space outdoors, space for play, for recreation, for enjoyment and for leisure. The homes of the wealthy are usually seen in a park-like setting, with trees, spreading lawns and beautiful landscaping. The whole population needs something of this too, and it would be well if every group planning a cooperative project had a committee concentrating on playgrounds, beautification and landscaping from an early stage of organization. Municipal planning and various government services in this field should be brought in for consultation and assistance. Some people continue to think of playgrounds as a small area with a few swings for young children. In Denmark, by contrast, a modern housing project will have not one playground but three, one for the very young, one for the 8 to 13 year-olds, and a third for the older children. Playgrounds can, of course, create problems if they are not well kept and properly supervised.

There are other facilities that must be provided for at the planning stage: parking, including space for visitors, storage areas for seasonal equipment and bicycles. Again, rules will be found necessary:

What about space for campers and trailers? Should members be allowed to erect small tool-sheds? What about clotheslines? These are all matters around which problems may arise. Rules will emerge from agreement among members, just as long as they are not imposed by someone else.

Care and Maintenance

Responsibility for upkeep of property in a housing co-op rests, in the long view, with the board of directors, but from the day-to-day standpoint, with the manager and the members, both individually and as a group. The general objective should be to keep the dwellings in good repair and the neighbourhood showing constant improvement, not deterioration, always becoming more attractive and pleasant



**CASTLEGREEN COOPERATIVE,
THUNDER BAY**

Castlegreen Cooperative, still under construction at the time of writing, will be a mixed community with clusters of housing providing accommodation for families and individuals of all ages, with units of special design for the handicapped and senior citizens.

rather than showing new signs of wear and tear. This can only be achieved by daily attention rather than clean-up and renovation every two or three years.

But who is to look after minor repairs, the member or the co-op? Which repairs can and which cannot be made by the members? Under what conditions will the co-op replace standing appliances? Will members be free to change electric fixtures? Any restrictions as to using nails for hanging pictures and ornamental objects? What about various exterior attachments, like awning? These may sound like small matters but they can add up to pretty big problems.

It will be necessary to have clear policy and rules about interior redecorating. Some co-ops supply paint or wallpaper for decorating and leave members free to do the work themselves. If a member wishes to spend extra money for remodelling or decorating, there must be consent of the board if the cost is going to be added to the member's equity. Everything reasonable should be done to make a family feel that this particular unit is their home and household, as indeed it is as long as they wish to remain part of the community.

The general experience in co-ops, as in condominiums, is that care of the common areas is a greater problem than care of interiors. There is no rule or guideline that fits every case from carelessness to outright vandalism; at the base of it all is the attitude of members. If they participate, are involved, serve on committees and have helped to frame the rules, the problems will be few and minor. But if there is a we-they relationship between members on the one side and board and management on the other, problems may become chronic and will always appear insoluble.

Financial

When any member in a co-op has financial problems, these soon become problems for the co-op itself, so the organization has a sort of self-interest in preventing financial difficulties and easing them if they develop. The first step is to ensure, from information on the application for membership, that the member is financially able to carry the monthly charges and that a rent supplement or welfare assistance is available to those who cannot.

A second safeguard is membership in a credit union, and indeed it

is recommended that all members of a housing co-op be members of a credit union as well. If there is no credit union in the vicinity, they can form one. In some large housing co-ops, there is a credit union or a branch of one located within the project, and members frequently deposit with the co-op their postdated cheques to cover monthly charges for six months or a year. Basically the credit union exists to encourage regular savings and provide loans when necessary. It can also provide various forms of insurance protection which the member of a housing co-op should not be without.

The field of insurance is a big topic which cannot be covered here, but two forms of protection should be studied and secured by the board. One is a basic liability insurance policy against accidents or injuries that may take place within the premises or on the playgrounds of the co-op. The other is a group protection plan for members to arrange for payment of monthly housing charges in case of death or serious accident to the breadwinner in a family.

Irresponsible Members

Every housing project and every neighbourhood of detached houses will inevitably have some irresponsible residents who create problems for the whole community. A housing co-op is no exception: there will be a percentage, hopefully small, of members who do not abide by the rules and cause problems. They may be careless about litter, or they do not put garbage in proper containers, perhaps they will be noisy at all hours, or waste water and other bulk-metered services, or they may refuse to follow rules on keeping pets.

There is no ready answer on how to handle irresponsible members. Every case has some feature or circumstance that makes it unique and should be handled with some sympathy before drastic action is taken. Certainly, a cooperative with a high level of participation and a spirit of community should be better able than other types of housing to handle cases of nuisance and mischief-making.

Problems with keeping pets are the commonest to deal with, and different co-ops have handled the pet problem in different ways. Some started with the rule: *no pets ... period*. In some cases this seems to deal with the problem to everyone's satisfaction, but then later it is

found that some members have been keeping small pets on the sly. In other projects, it is decided after much debate and hot controversy that pets may be kept under certain conditions, which is probably the better solution. Many children are deeply attached to their pets and, if they are separated from them when they move into the co-op, they may associate their new home with a bitter and painful experience. A number of co-ops have found the solution by limiting the size of dog that may be kept and holding fast to the rule that all dogs outside the home must be on a leash.

A serious error that some co-op organizers and leaders may fall into is to expect and even demand conformity where it is not necessary or even desirable. In a cooperative we should anticipate diversity rather than conformity in many activities and aspects of life. The cooperative should be a liberating influence; members should never feel they are in a social strait-jacket. The personal freedom of each individual and the preferences of different families must be respected, as long as they do not trespass on the rights of others or do harm to the community.

In Tragedy and Sorrow

It hardly seems necessary to remind everybody concerned that a cooperative housing community will have its quota of tragedy and sorrow, in personal and family problems, in cases of marriage breakup or family discord, in crime or drug addiction, and in untimely death. The organization itself is no proof against these but the community can often be helpful and should always be sympathetic and understanding. In some situations it can provide guidance, counselling and support. An individual or family in a housing co-op should not feel isolated and alone. The concern of other members can at least soften the blow and lessen the pain of sorrow.

Chapter 12



A Very Special Kind of Co-op

"The little people together are a giant."

Dr. J. J. Tompkins

A continuing housing cooperative has a dual purpose: first and foremost, to provide housing owned by those it shelters, and second, to help create a community of people within its neighbourhood. In the final part of this book we consider mainly the second purpose, and in this chapter certain special features of a housing co-op that make it quite different from other cooperative organizations.

A large and growing number of Canadians are forming and joining various kinds of cooperatives. In Quebec more than 60 per cent of the population are members of a credit union, and over 40 per cent in Saskatchewan. Membership in a housing co-op is in some ways basically the same as in these and other kinds of cooperatives, but in other ways substantially different. A housing co-op is cooperative like any other, only more so.

To begin with, it requires a definite and total commitment from members, rather than a casual or partial commitment. A person may join a food co-op but continue to get some of the family provisions elsewhere, or a credit union but continue to use the services of a bank as well. But the members of a housing co-op will normally have no other dwelling, and may live in a co-op for the rest of their lives. Other co-ops have the problem of in-and-out members, and sometimes inactive members number in the thousands. This, of course, cannot happen in a housing co-op; the bond between member and co-op is firm and constant. This kind of cooperative is, therefore, not bothered by participants who are not serious about it, at least not after it is established and in operation.

But obviously, this can be a weakness and a source of discontent

as well as potential strength, since members who are unhappy with their situation will feel locked into it and perhaps unable to escape because there is no other available housing which they can afford. Like passengers in a train who don't like the conditions of travel, they can't get off wherever they please but have to wait for the next station-stop. The manager of a consumers' co-op can be quite sure that all members who shop co-op regularly are more or less satisfied with it, otherwise they would simply stay away. But in a housing co-op people cannot stay away; it is their home.

This is a point in housing co-ops that cannot be overlooked. It means that the selection of members is a much more serious matter in this kind of co-op, education a more vital concern, and the social side a more crucial factor for continuing success. If 300 persons are members of a well-operated credit union, it says something of their shrewdness and ability. If the same people have a successful and efficient consumers' co-op, it says a great deal more, for they are able to conduct a more difficult and complicated enterprise. But if these three hundred and their families, with their dogs, cats, canaries, bicycles, cars and stereo sets, are members of a successful housing cooperative which is known to be a good community and a happy neighbourhood, it speaks volumes of their maturity and social intelligence.

Starting from Size

Another important difference is the fact that a housing cooperative starts from a certain fixed size and usually cannot grow indefinitely thereafter as most other co-ops do. The step-by-step progress of conventional cooperatives has been a strong point in their favour; the members, board and manager learned, often by trial and error, as they went along from year to year. A mistake today could be corrected tomorrow; the knowledge gained this year became the base for a change or expansion next year.

The whole process is quite different in housing, and the difference has great educational and social, as well as financial, consequence. In a project of 300 families there is no step-by-step growth and no opportunity to learn from a small operation how to handle a bigger one. The whole development comes with a bang; it is a complex piece of business from the start. If a serious error is made in the planning or near the beginning, it may not be possible to correct it



A VERY SPECIAL KIND OF CO-OP

**COMMUNITY CENTRE,
ABBOTSFORD, B.C.**

A complete community must include three generations: children, adults and elderly people. An excellent recreational centre at Co-op Villa, Abbotsford, provides for the community needs of all three.

the next year, or the year after, perhaps for many years. Some structural or financial mistake may be around for a lifetime. In this respect, the position of members is not very different from that of an individual home-buyer, except that it is bigger and is a joint problem for many instead of one.

The educational and social implications of all this are evident. The leaders and members in a housing cooperative will, in one or two years, go through the learning experience of ten or fifteen years in any other type of cooperative. The activity is intensive and often exhausting. That is one reason why housing co-ops cannot be multiplied as easily as credit unions. The completion of one doesn't quickly transfer to the beginning of another because members are too occupied with their own immediate problems. So we cannot depend on the initiative for the next group coming from an existing co-op. It is more likely to come from a mother society or some kind of sponsoring organization. Cooperative housing groups are sometimes accused of being selfish because they don't volunteer to organize another group, but the truth is that they are likely too exhausted from their own project or preoccupied with its problems to be able to give much spare time to others.

Having to take on a project that is full-size from day one rather than grow into it, further supports the argument of this book, that education and training of board and members cannot wait until a project is under construction or ready to be occupied; it must begin at a much earlier stage. The process of learning is too complex and intense to be properly absorbed in a short time. A large proportion of members —and the larger the better— must be engaged in educational activities as soon as possible so that the learning process is not hurried, compressed and artificial.

Again, the size factor in housing, at least in all but very small projects, results in a certain number of members who are confused and more or less at sea during the period of settling-in and who will need considerable help in getting adjusted to the new environment. In other cooperative undertakings, the beginners are generally all enthusiasts, while indifference and problems about education tend to come later when the organization is well established. The reverse is often true in housing co-ops; the initial year or two tend to be the most trying period, and problems are generally ironed out once the organization is better established.



PEOPLE'S PARK TOWER, MONCTON

This attractive housing project of 272 units, providing accommodation for adults and senior citizens, won a national award for excellence of design in 1976. It was sponsored by Maritime Co-operative Services, a central organization of cooperatives of the Atlantic provinces.

The physical appearance of an attractive new co-op project is often exciting and encouraging, but it can be a false front that hides social and human problems unless a great deal of educational homework has been done in preparation for it. Everyone tries to rule out the possibility of shoddy work in putting wood, bricks and mortar together; even greater care must be taken to ensure there is no shoddy work in putting the elements of membership together.

This Is My Home

Another important difference about a housing co-op is that a certain section of the physical assets is reserved for one member and used exclusively by one family. This kind of situation does not enter into the operation of other co-ops at all. No farmer who is a member of a dairy co-op thinks of a particular part of the plant and machinery as operating only for him. Similarly with other co-op enterprises: all the buildings and equipment are for everyone's use.

But in housing an agreement is made that one area is given over for an indefinite period to a member for the private use of his household, and this shall be their own home and castle as long as they remain in the cooperative and abide by its rules and bylaws. So, in this kind of cooperative the members agree to conduct the whole enterprise collectively but delegate use of the property to each one individually. This is a complicating factor, for collective and individual responsibility must be kept separate but in balance. Thus, it is quite common to hear members in a housing cooperative refer to the project generally as "ours" but each member refer to his or her unit as "mine".

This is a wholesome attitude and in no way contradicts the spirit of cooperation. Cooperative action does not call for total denial and surrender of individuality. Cooperation does not ask that all the parts be melted into a single mass where they become one and the same, but only that they come together for those needs and purposes for which individual action is either unequal to the task or contrary to the common good. A housing co-op is therefore community for the whole body of members but at the same time a collection of separate households with respect to privacy and personal freedom. It is not always possible to keep these two in perfect balance, but that is an ever-present problem in all organized society as well as co-ops.

Housing Co-ops Not Flexible

There are other features and characteristics of housing co-ops that make them rather special and different from most other cooperative organizations. In most situations, housing co-ops cannot look forward to rapid growth or indeed any expansion at all. A co-op of 150 homes on a certain parcel of land becomes a fixed area and defined neighbourhood, unless land alongside can be leased or optioned. Other cooperatives come to look upon constant growth as a mark of success and fulfilment of purpose; housing co-ops must depend on developing in other ways within present physical limits, by adding variety and making improvements to what they have. This is sometimes difficult and requires imagination and an innovating spirit, otherwise they may take on the drabness and settled ways of many conventional suburban neighbourhoods.

A housing co-op cannot cut back and retrench in time of difficulty or financial stress as other co-ops are sometimes compelled to do. The same level of expenses have to be met; it would be unthinkable to shut down part of the project to save money; there is generally little that can be done to curtail operations if business is running in the red.

All of which is said to stress the fact that problems in a housing cooperative have to be solved through the use of resources within the organization. And when members do develop personally and solve their collective problems, this helps to create community. A retail food co-op that is not doing well with 500 members may become a great success when it has 1000 members, but a housing co-op can have no such prospect in view. If it has 150 units of housing, it must work out its problems and achieve viability on this basis alone.

Public Aspects

There are other respects in which housing tends to be a rather special kind of venture for co-op action. We have already noted that cooperatives in this field must, of necessity, work closely with government, and this is true of cooperative housing in all countries of the world, no matter what particular form it takes. In Canada, other cooperatives usually owe little to government action and support, although some governments have given encouragement and assistance

in critical circumstances and in aid of needy people. But housing is a special field, where in modern times, nothing much can happen in the absence of government policy and collaboration of public authorities. The result is that co-op leaders involved in housing may find themselves engaged for the first time in negotiations and agreements with government agencies and officials at all levels.

But while housing cooperatives owe much — in many cases their very existence — to government, they in turn can do much, particularly in the realm of municipal affairs, to ease government responsibilities and to assist in the management of public services. A well-run housing co-op of some size may undertake quite a wide range of activities that assist public administration and may even substitute for it.

In the first place, the co-op organization provides easy liaison between public officials and citizens; authorities can deal with a hundred or two hundred households through one office. Further, an active co-op project is concerned with such matters as garbage collection, playgrounds, daycare services and health centres, and the co-op membership is relatively easy to approach for such public efforts as paper recycling, blood donor clinics, community chest and assistance to welfare recipients, to name only a few examples. If a typical Canadian city of, say, 100,000 population, had 40 or 50 housing co-ops within its limits, we can easily imagine public administration and government services being made easier and in some situations performed at less expense.

Commenting on this particular aspect of cooperative housing, a Calgary couple writes: *In this co-op we have every sector of the population, including couples with and without children, single parents, people on their own, and retired couples. Living in a continuing cooperative presents a unique situation in community relations because, in fact, we have one more level of community involvement. Of course, our own co-op community must take priority, but active participation within this smaller community encourages us to extend our endeavours to the broader community as well.*"

-Bob and Betty Jensen.

So, while government in Canada usually has no particular regard for other forms of cooperative enterprise, and Canadian cooperators



BAIN STREET APARTMENTS

Originally built by a group of philanthropists who wanted to see good housing accommodation provided for working-class people, the Bain Street apartments are now a continuing, non-profit co-op. Built in 1913, there are 50 units to the acre. A central heating plant serves all the houses.

generally prefer a minimum of official intervention in co-ops, government departments and public authorities may have a strong self-interest in encouraging and supporting housing cooperatives, for they create an intermediate level of citizen involvement that is good for democracy and beneficial to the affairs of state.

At the time of writing, the first members of Castlegreen are taking up residence in a co-op still under construction in Thunder Bay and are settling into their new homes. When completed it will be one of the largest housing cooperatives in Canada. It is also one in which technical planning and educational activities took place side by side throughout the many months of preparation. This is how they describe the experience through which they have come and the vision they have of their community-to-be:

"Cooperative housing provides the comfort of good housing, the security of tenure, the privacy of ownership and the status of a good community, all at prices people can reasonably afford.

"Castlegreen members have accepted as principle, that a good neighbourhood should contain a mix of people of all ages, incomes and backgrounds, and that persons with physical disabilities should be able to live and share in the activities of the community.

"Joining together, the members of Castlegreen Cooperative were able to construct quality housing at a cost below the present market rate for comparable units.

"In the process they were able to create a community atmosphere before the first unit was even under construction.

"We have learned some important things in the process, for instance, that people without great resources can do great things by working together. Of equal importance, we have learned that people can be held together by nothing more than the strength of an idea."

*Castlegreen Cooperative Community,
Thunder Bay, Ontario*

A housing co-op is one of the more difficult forms of cooperative enterprise, but if we are to believe the men and women responsible for Castlegreen, it can also be one of the most rewarding from both a personal and community standpoint.

Chapter 13



A Village in the City

When the stranger says: "What is the
meaning of this city?
Do you huddle close together because
you love each other?"
What will you answer? "We all
dwell together
To make money from each other" or
"This is a community"?

T. S. Eliot

The Concept of Community

The question of community deals with the kind of relationship between the individual and other people in the close environment, or between the family group and the larger circle of human beings beyond the family. What is the ideal setting within which a person lives and makes a living? The quest for the right kind of community is as old as history, and philosophers and writers from the earliest time to the present have speculated on the arrangements for the perfect community, what they call utopia, a dream-land with an ideal social and political system.

In Canadian society we have a great variety of community situations: a metropolitan suburb, a northern mining town, an Indian reserve, a fishing village in the Maritimes, a rural parish in Quebec, a company town like Kitimat —all as different as one could imagine. One hundred people living in an apartment building in Edmonton and one hundred members of a Hutterite colony somewhere else in Alberta are actually worlds apart with regard to human relations and community life. The human and social environment is, of course, one of the strongest influences on society and our behaviour, for we are all shaped and molded by the community in which we grow up and live.

The idea of people living within a neighbourhood and having

formal ties of interdependence to guide their living takes different forms and is carried out at different levels all over the world. Like the Hutterites in Western Canada, the people who join a kibbutz in Israel surrender many personal and family ties to the whole group and undertake to organize their production, marketing and all economic affairs as a single unit. Like the Hutterite colony, the kibbutz has a religious as well as a social and economic base.

The community as a sort of commune, in which all possessions and human resources are pooled in order to bring about a more rational way of life from the viewpoint of a number of individuals or several families, is not unknown in Canada. Indeed, there must be hundreds of communal groups, urban as well rural, in all parts of the country, each with its own purpose, flavour and lifestyle and all trying to create a certain kind of community. Some communes have incorporated themselves as cooperatives.

There is an interesting historical connection between the cooperative movement and the concept of community. The idea of community actually came first, and the idea of a business operation later. In England, early in the nineteenth century there were hundreds of groups organizing to form communities that would be economically self-sufficient, in which workers and their families could find refuge from the onslaught of the Industrial Revolution. Most of them were short-lived, but one survived because it set up a retail business to help finance the future community. That was the Society of Rochdale Pioneers, which flourished so well as a trading enterprise that the dream of community was forgotten. But there are still a few leaders of the movement in different parts of the world who regard the comprehensive type of community as the ultimate in cooperation.

The Housing Co-op As Community

Most of the people who join housing co-ops in Canada are doing so for accommodation, not community. They are not trying to organize a utopia, and they don't expect to achieve one. There will be no economic or religious base as in a Hutterite colony or a kibbutz. The foundation will simply be decent housing in a good environment. What we are concerned with here is the quality of neighbourhood and the various kinds of group activity that can be built on that foundation. The members of most Canadian co-ops start with a

common interest in the housing they own and the fact that they will be living in close contact with one another. What should they do to make the most of these assets?

The community aspect of a typical housing cooperative in Canada can be best described as being that of a village within the city. The co-op will not be a mere collection of so many housing units, but a grouping of people held together in much the same way as a village or rural settlement of days gone by, with a certain amount of interdependence, sharing of common tasks and problems, and concern for one another. It will be a wholesome mixture of stout independence and community interests. It will not be a turning back from urbanization but hopefully a return to some of the social values of rural living. Dr. M. M. Coady of Antigonish, a leader in cooperative education, used to say that we should bring the city to the country and the country to the city, meaning that rural people need the amenities and conveniences of urban life, while the city should try to preserve or recapture what is good in rural life. That should be the aim of a housing cooperative; and while it may be difficult for a very small cooperative, it is not for a fairly large one.

In Canada we sometimes spend considerable time, money and effort trying to carry on community development work of one kind or another, but find that it fails or peters out because there is actually no secure and dependable base from which to start. Our housing and living environment is often anti-social to begin with, and we are forever at great pains trying to create a community of common interest when there is little to go on. Mile upon mile of single houses in the suburbs do not add up to a community, only a collection of dwellings often sheltering alienated people and lonely individuals.

Once it satisfies the need for shelter, a good cooperative community can move easily into the areas of social and cultural activities that the suburbs of detached housing, private rental projects, public housing or condominiums usually find difficult to satisfy. Public housing especially suffers from lack of identity and participation on the part of residents, mainly because it is merely supplied. It is housing in which the people feel they have, at best, an indirect stake. A cooperative enjoys the advantage of members who are accustomed to taking part and making decisions in regular meetings, sometimes quite frequently. These members will ordinarily

not feel that someone is intruding into their family life or personal privacy when they are approached concerning community activities.

Helping the Disadvantaged Members

Since housing co-ops in Canada are a special kind of social housing, with provisions for a certain percentage of people of low and moderate income, the matters requiring priority attention are those touching upon the needs of disadvantaged members. It should be noted that a co-op housing development is the only type of cooperative and indeed the only form of housing in this country in which people of higher income, through the surcharge, are personally committed to assisting those of lower income.

A sure mark of a good housing cooperative is its attention to the weaker members of the group, not in any patronizing way but as a genuine commitment to an egalitarian and democratic society. Those who are most vulnerable to market forces must be given the protection of the group; those who are financially or physically handicapped should have no cause to feel they are members with second-class status; the ones who might be socially underprivileged in other housing for racial, cultural or educational difference should not have to carry the handicap of any stigma in a community that calls itself cooperative. While adhering to certain basics on which the majority will be in agreement, a cooperative must be prepared for a degree of flexibility that might not be acceptable, for example, in many private rental projects with rigid standards. A cooperative body should have sufficient confidence in the democratic way to trust majority rule, though it should be added, of course, the power of a majority must never be used to trample on the rights of a minority.

A well-run cooperative can also admit of some administrative flexibility that would be much more difficult in other forms of housing. For instance, a co-op in British Columbia reports how it dealt with the case of a mother in distress who found herself alone one day with children to support when her husband simply "walked out". The monthly charges on their home were \$175. The board met quickly to see what could be done. By using surcharge funds, they were able to reduce her charges to \$140. In a short time other arrangements were made that permitted the member to take care of the situation herself. If this had been a case requiring official

THE CO-OP: A SINGLE - PARENT'S THOUGHTS

Chivalry is alive and well and living at Quarry Co-op. Old-world gallantry turned out in full force on August 31st to rescue this moving mother in distress, when John McLean, Dave Riffel, Giles Legace and young Henry Slegtenhorst arrived with a U-haul to lug me and my worldly possessions out of the neon jungle.

When we arrived at Number 80, knights in T-shirts and jeans came from every direction. In 15 minutes I was ensconced in my castle on the cliff, and before I could say "have a beer", they had all quietly vanished.

Listen guys, what can I say? Thanks a million just isn't enough.

6:30 a.m. next day, I arose from the couch to a dawn view of trees, sun grass, clear air. Luxuriating in the beauty and peace around me before checking the kids nestled in their sleeping bags, for the first time in over five years I greeted the day with joy, eager to get at my nesting.

After a huge breakfast - how a kitchen table by a window improves appetites - we unpacked boxes, hung clothes, filled cupboards, arranged plants and furniture.

"Is this our house", asked 5 year-old Beccy, "like real families have?"

I know what she means. Suddenly we belong somewhere. We are part of something vital. No longer squeezed into a concrete corner by a society that doesn't quite know what to do with its single-parent families, we have found a life of dignity.

- Colleen Kong,
Quarry Co-op, Ottawa

*Reprinted from
- From the Rooftops.*

COOPERATIVE HOUSING MUCH MORE THAN HOUSING

A good housing cooperative provides the base for the building of a community and, as this little story tells us, it often leads to people helping people.

approval, it would probably have taken months to cut through bureaucratic red-tape to get a settlement that was handled almost overnight by the co-op. The control structure within the group was flexible enough for quick action.

This again raises the question of the best size for a cooperative. The answer seems to lie somewhere on middle ground between two extremes, making it big enough to be meaningful as a community but small enough to be manageable, with controls not too far away from the members.

Use of Common Property

A housing co-op will find much of its community life in and around the common areas available for everyone's use: recreation rooms, outside grounds and a community centre if it can be provided. The great value in such a centre is that, with careful planning and good organization, it may provide at low cost to each person a wide range of facilities that only the wealthy can afford to have in a single home. A centre which serves as a lively common area for members of all ages is not a bare hall but a multi-purpose place for play, meetings, special functions, educational activities, reading and leisure, anniversary parties, wedding receptions and other social and cultural gatherings.

One of the best examples of such a centre is found in Co-op Villa, in Abbotsford, B. C. It is an attractive building with two levels, containing a recreation hall with equipment for serving meals to perhaps 150 people at a time, a billiards room, sauna, reading room, beauty parlor and office for the co-op. All this is highly appreciated by the members. They tell us:

The recreation hall is a very important and valuable asset to any co-op housing venture, both to the members and to the community. Members do not have to go out of the Villa to play billiards, go to dances and meetings, wash clothes, or get a "hair do". It is also available to outside groups at the discretion of the board, so it serves to help members get acquainted within and without the Villa.

"This co-op is for people; old and young, strong and weak. We can and do enjoy the activities of all ages as we grow older. We need

young people to ensure the continuance of the co-op; we need their viewpoint and their availability as board members. We would not wish to live in a place allocated to old people only. As a family we grew up and as a family here we can enjoy the children as they grow, and perhaps learn to tolerate and enjoy their new ideas and projects."

- Harry and Dorothy Fowler

Another member writes:

"With the addition of a separate recreation building, complete with various types of recreational activities such as pool and billiards, library, beauty parlour and a well-equipped kitchen to provide for the many activities planned by a committee set up for this purpose, together with laundry facilities for those units not provided with washer and dryer space, everything possible has been done to provide the utmost in pleasurable living for resident members. Monthly payments have been kept to a minimum, and are considerably lower than any available two-bedroom apartment, most of which in 1976 are well beyond the means of people in our income bracket. Another point worth stressing is the convenience of having a small garden and lawn space for each unit, something rarely found in conjunction with apartments."

- J. M. Marshall

* There seems to be virtually no limit to the ways and opportunities for community activity in the setting of a housing cooperative. As already mentioned, daycare services are first on a long list where there are families with young children. Some groups organize summer camps for boys and girls; others pool camping equipment for vacationing. Car pool arrangements can often be made among co-op members. One co-op has an area set aside for servicing and working on cars; another has a workshop room for carpentry and woodworking. The larger co-ops will find it rather easy to arrange adult education classes, in drama, language, gardening, decorating, cooking, and art. One co-op has been instrumental in organizing a health care centre for the whole district. Housing units under joint ownership become the springboard from which people can rise to the challenge of meeting community and personal needs above and beyond shelter.



GARDENER'S DELIGHT

These houses for senior citizens at Abbotsford, British Columbia have beautiful gardens planted and maintained so that everyone can enjoy their beauty.

Playgrounds for Children

Suitable and properly equipped playgrounds will be quickly recognized as one of the most important factors in the creation of community, but unfortunately this matter is pushed into the background in a great deal of project planning or left until it is too late to do much about it. Some planners imagine that, since there is a playground or playing-field somewhere in the general area of a proposed housing development, that should be enough, but obviously that doesn't take care of the need for tot-lots or creative play areas or playgrounds for handicapped children, or other special requirements for play and recreation outdoors. Groups of people planning cooperative housing that will provide accommodation for families with children should have the subject of playgrounds high on their list of priorities.

An article on the subject "Children in Residential Areas: Guidelines for Designers", by Clare Cooper Marcus, in *Landscape Architecture*, October 1974, had this to say:

"... children's play and the conflicts between children's and adults' needs are among the most serious problems in multi-family housing ... children are by far the greatest users of public outdoor areas in multi-family housing. Designers, however, often plan such spaces with the needs of adults uppermost ... if multi-family or cluster housing is going to be successful, a good deal more attention must be paid to designing for the needs of children."

The article goes on to provide 36 guidelines which planners, designers and committees responsible for planning the use of outdoor space would be well advised to study and discuss. Some of the guidelines: "Ground-level private open space should preferably be within view of the kitchen ...", "Trees should be selected that can be used by children for climbing." and, "Neighbourhood play provision should not be regarded as a substitute for play space within the housing development." Good planning of playgrounds is an example of dealing with a problem before it happens.

Planners and committees working on the layout of play areas would be well advised to get in touch with the Children's Environments Advisory Service of Central Mortgage and Housing



PLAYGROUNDS ESSENTIAL

A well planned housing cooperative provides for the total living environment and includes outdoor facilities and landscaping as well as interior design. Quarry Cooperative, Ottawa, includes a swimming pool and several play areas.

Corporation and begin by subscribing to the newsletter distributed by this service. Unless they are already well informed in this field, they will find that the provision of adequate playgrounds goes far beyond the old idea of a sand box and "putting up a few swings for the kiddies."

Senior Citizens

One of the far-reaching social changes in family life in the past thirty years has been in the housing of senior citizens. In the past generation, elderly people lived in the extended family and it was considered normal for three generations to be living under the same roof. Many children grew up thinking it was as natural to have grandparents as parents in the home, and often as head of the household. Now it is fast becoming the exception, and it is the accepted thing for elderly people to have separate accommodation of one kind or another.

Indeed, the housing of elderly people is in many respects the most commendable aspect of Canadian housing, in which municipal and provincial governments, often with the participation of voluntary groups, particularly service clubs, generally with federal assistance under the National Housing Act, have accomplished a great deal. But the task is far from finished, for the proportion of people in the population over the age of 60 or 65 is steadily increasing. Moreover, fully half the people reaching the age of retirement from work are in need of public assistance.

Suitable housing; appropriately planned for the elderly, is the greatest single need facing people in their old age. They want to live out their years free from insecurity, in a social atmosphere that is stimulating and still creative for them. Much has been done in Canada to achieve this and many studies have been made to find out what senior citizens want in their housing and living environment.

One such study conducted by the Greater Winnipeg Senior Citizens Non-Profit Housing Corporation in 1974 turned up a number of interesting facts. For example: most elderly people would like to be in the neighbourhood where they lived their married life; 78 per cent said it was not important to live with people of the same ethnic background, and 85 per cent said it was not important to live with

people of the same religion; they don't want to live in highrise, and one of their main reasons is fear of fires; a bus service and a super-market nearby are important; they want green space, a library, banking service and recreation areas close at hand; over half do not want to live in accommodation that is only for senior citizens, but they still want to be away from the noise and rowdiness of children; they like to have a recreation room and snack bar where they can associate with one another. Other groups of senior citizens may have preferences different from those of the Winnipeg Senior Citizens, but at least we know that the elderly have definite views on where and how they want to be housed.

The majority of housing co-ops in Canada include senior citizens as members, and for these the greatest advantage by comparison with other non-profit projects is that they have their place in the membership with others, participating in meetings, serving on the board and committees, providing leadership, contributing their experience and helping to make policy and reach decisions. Since the residents are members in co-op projects, they don't have the feeling of being kept, for they are part of the team running the show. In retirement, they are still in the mainstream of activity, to the extent that they wish.

A few co-op projects are planned and designed for elderly people alone, and are eligible for the regular government grants available for senior citizens' housing. An elderly lady writes from Haney Pioneer Village Cooperative:

Each member here is part-owner of the whole development and rents a unit from the cooperative. There is no landlord who must make a profit on his investment. Therefore, our monthly payments are lower than for comparable housing outside. When a member leaves, his down payment is paid back to him and a new member buys the shares. We elect a board of directors who formulate the rules and regulations, and who employ a manager to collect the rents and pay the bills. The manager is at all times responsible to the board of directors. The members, through their directors, have a voice in the management of our Village ...

The manager keeps in mind the liabilities of our cooperative and monthly rents will be raised just enough to take care of these expenses and to build up a contingency reserve fund for capital replacements,

and a depreciation and maintenance fund. Thus, while we expect a rise in rents, as this is a non-profit cooperative we do not expect them to be traumatic, as in apartment blocks; neither do we have to lay out huge capital expenditures for condominiums. As we are all 60 years and over in this Village, the increases in our pensions each year will probably take care of our rent increases.

The first occupants of Haney Pioneer Village Co-operative moved in just one year ago, before the development was completed, and all units were rented almost as soon as they were ready. We have had to cut off our waiting-lists as we already have so many waiting for both the one-bedroom and two-bedroom units there is no point in adding more names. I do not think there will be any openings until someone is unable to care for himself or herself any longer. I do not know of anyone in our Village who does not wish to remain here.

Our units are all at ground level and are joined together in buildings of four, five and six units each. The walls are well insulated for both heat and sound. I have neighbours on the other side of two of my walls, and I have never heard a radio, T.V. nor stereo in eleven months of residence here. We may, if we wish, have a small garden at the back and a flower bed at the front. All grassed areas, front and back, are cared for by a resident caretaker, and we have a wonderful man in charge here. Each unit has a kitchen, dining area, living room, storage room, bathroom and one or two bedrooms. There is plenty of storage space. Each unit has a car port and there is some parking space for visitors.

In the community hall, there are regular days for card games and other recreation. We hold our meetings in this hall and may have the use of it for a minimal rental for family parties, etc. for which our own living rooms are too small. At one end of the community hall are washers and dryers. We are very appreciative of the New Horizons Program which assists senior citizens, who gave us a grant sufficient to furnish our hall with a piano, chairs, card tables, dishes, public address system, projector, screen, dishes, etc.

As neighbours we co-operate also by looking after each other's mail and plants, or even if desired checking on the refrigerator or freezer when someone is away on a holiday. If we do not see any stir around someone's home, we either phone to see if they are all right, or get in touch with the caretaker to check.



HANEY PIONEER VILLAGE

Some housing cooperatives, like this one in Maple Ridge, B.C. are exclusively for senior citizens, while in several others there are sections or clusters of houses specially designed for senior citizens.

As for me, here I stay until I have to go into a nursing home or a hospital.

*Mrs. Anna M. Anderson
Maple Ridge, B. C.*

Co-op Villa in Abbotsford and Castlegreen in Thunder Bay have separate clusters of senior citizens units within a larger development, so that the elderly are part of a total community including children, but can be away from the noisy activities which the Winnipeg survey showed the older people want to avoid.

An important by-product from the development of co-op housing for senior citizens is that it releases single-family houses that have become too large for an older couple to occupy and maintain. Uncounted thousands of detached houses in Canada are occupied by a retired couple or often just one person. These elderly people are reluctant to sell their homes and trust themselves to the inflationary market, so they remain in half-empty houses, "rattlin' around" as they say, in accommodation which becomes increasingly hard for them to keep up. The stock of underused large houses in Canada is shocking. These houses should be occupied by families with children, and the present owners could be living in co-ops where they would enjoy both security of tenure and community life, and at the same time have use of their capital tied up in housing which is too big for them.

Women in Housing Co-ops

Experience in co-op housing in Canada shows that this is one area of cooperative organization where the capabilities and talents of women can come into full play, at least, far more easily than in other co-ops, where their role, unfortunately, is often minor and marked by tokenism. Women should be consulted not only about the layout of a kitchen, the colour of carpets or the choice of wallpaper, but they should be, and in many cases already are, co-equals with men at every stage and in every facet of the undertaking.

In a good number of projects now operating successfully, women took part in the early stages of planning, in the approach to public authorities with regard to land and financing, and provided leadership



**AZALEA GARDENS,
COQUITLAM, B.C.**

Housing cooperatives in Canada come in many forms and sizes and are of a great variety of designs. This one is an attractive apartment building with large balconies, designed to suit the climate of the Pacific Coast.

at various stages of development. Some have taken on responsibility for management, making tough decisions, sometimes driving hard bargains and in other ways meeting the requirements of business details that are often pretty demanding in the field of housing.

When it comes to developing the community aspects of a co-op project, women tend to play an even stronger role because they are generally closer to the day-to-day problems of the household, care of children and various matters calling for community attention and action. A delegation to a municipal council or government department is generally all the stronger for the presence of women who are intimately associated with a particular problem, whether it be bus service, traffic control, financing of daycare, supervision of playgrounds or police protection. The best kind of board of directors for a housing co-op is one in which the number of men and women will be pretty evenly balanced.

While visiting Canada in early 1976, Mr. Harold Campbell, a leader and spokesman of the cooperative housing movement in Britain, told a story of women's part in the movement there. In a particular area, a group of residents had organized a cooperative to take control of an important project. It involved a great deal for community activity, with meetings and committee work in preparation for the change-over. A number of women, it seems, had been prominent in the arrangements made, and it was a new and exciting experience for some. When negotiations were completed, one of them exclaimed to her friend: "Imagine Jenny, just a year ago we were only housewives!"

Many women will almost certainly find in cooperative housing a chance to exercise their capabilities to the fullest, and in many cases to develop talents which they were perhaps not aware of. Whether in organization, communications, business affairs, community development or cultural activities, there is almost unlimited opportunity for women to play a great part in building a new kind of neighbourhood, a village within the city.



The Prospect for Cooperative Housing

"No doubt, the progress of cooperation is necessarily slow, for it depends more on human beings than on things. It requires the patient labour of education. But in the field of economic and social affairs which are cooperation's own, there is no easier and shorter road to salvation."

Dr. Georges Fauquet,
Le Secteur Coopératif

Cooperative housing of the non-profit continuing kind is still new on the Canadian scene, new to the housing industry and to the cooperative movement. Its enthusiasts as well as those who are not in favour of it will wonder about its prospects for the future. Progress in the first decade of its history has been worth noting but not spectacular.

The concept was strange as well as new to most Canadians. It struggled along without recognition in federal housing legislation until 1973. Its non-profit character is alien to a society accustomed to reaping rich profits from real estate, and to an industry in which housing often seems to be only a by-product from the real business of making money. In addition, many established cooperatives in Canada have tended to be less than enthusiastic about it because it seemed to be "far out in left field". Others, in obedience to the dictum of an old school which teaches that nothing should be tried for the first time, considered it too innovative and withheld support.

The movement itself —if it can be so called— had to sort out its own thinking and clarify its purpose. It took time for the various pieces in the pattern to be fitted together: the question of equity capital; the role of the mother society; whether home ownership or rental housing, or a mixture of the two; the formula for a membership based on mixed incomes; the application of surcharges; guaranteeing the non-profit feature; the concept of paying only for the use of housing and not for investment in housing; how cooperatives form

part of the Third Sector in housing but are different from other forms of social housing. All these concepts are now fairly well sorted out and pretty well accepted, although of course they may be modified as time goes on to suit the thinking and circumstances of another generation; for we should be ever mindful of the warning from the great thinker on the subject of cooperation, Charles Gide, who observed: "Every doctrine changes, even in the hands of those who would jealously appoint themselves its guardians."

Here, by way of summary of the main features of non-profit housing co-ops organized on the Canadian model, we can recall what is unique about them and suggest why they deserve to be encouraged and supported in this country, by government and official policy, by other cooperative organizations, and by various citizens' groups and institutions that are committed to the goal of "Good Housing For All Canadians":

- ☐ Continuing cooperatives are the only kind of housing that affords security of ownership and proprietary rights to those who have to or prefer to rent their accommodation.
- ☐ They are virtually the only form of ownership now open to low-income people in the housing market of large urban centres.
- ☐ They are the only form of social housing that provides for the participation of residents in matters of planning and management.
- ☐ They are the only kind of housing project which allows the owners, those responsible for management and the residents to be all the same people and thus achieve the kind of integrity which attaches to single-family ownership of a home.
- ☐ Continuing co-ops are the only housing projects that set out deliberately to achieve a broad mix of incomes and thus avoid the creation of ghettos for the poor.
- ☐ Because they are non-profit, they do not need to own land but are satisfied to lease it from the public domain.
- ☐ They are the only privately-owned housing that does not aggravate the inflationary forces in the housing market.
- ☐ These co-ops are the only form of social housing that offers long-term security of tenure and thus fosters stability of community.

☐ They are the only form of housing undertaking to generate subsidies that do not come from the public purse.

The Logic of It

One reason why housing co-ops appear to have bright prospects for the future is the force of sheer logic: there seems to be no other alternative if certain traditional values of Canadian life are to continue. Perhaps eight or nine out of ten Canadians, if stopped on the street and asked what they want for housing, would reply they prefer to own a home. We can assume they want to enjoy the ownership and privacy of their own household. But already over half the Canadian people live in housing they do not own because the forces of urbanization have cut them off from their dream-home. Logic calls for them to get closer together, in multiple-housing of one kind or another.

So we scale down the dream-home somewhat and it becomes, perhaps, a condominium. But immediately the forces of the market step in and we find a large and growing number who cannot afford to purchase a condominium —listen to the loud protests against every proposal for conversion of rental housing to condominiums. In other words, whatever form housing may take, there is a large and growing proportion of Canadians who are left without when the market economy is allowed to function as it will.

Again, we scale down the dream-home and it becomes public housing. The State becomes landlord and the citizen its tenant. The logic of it would seem to be clear enough to technocrats. But are Canadians satisfied to have the government as landlord over perhaps a third or in time even half of the population? Do we want to trust the machinery of government, the ramifications of political power and the operations of bureaucracy that far? We have only to look at the abysmal failure of public housing in the United States for the answer.

So again we change our perspective, and putting together the dominant factors of space for living, the imperative of providing for those who need assistance and the desire of consumers to run their own affairs, we are left with multiple housing giving shelter to people with a wide range of incomes, owned and operated by those who occupy it. That is cooperative housing of the kind we have been

discussing. The logic of it is compelling. Canadian urban society, it would seem, must turn inevitably to the cooperative idea to meet future housing needs.

In Other Lands

What has happened in other countries, particularly in Europe, where social and political backgrounds are similar to ours, will give us an indication of the prospects for cooperative housing in Canada. In the Scandinavian countries, with strong traditions of democracy and social progress, cooperative housing has been a major influence for many years, especially since the end of the Second World War, accounting for about thirty per cent of all new housing constructed in recent years.

Sweden has a strong cooperative housing movement that grew out of the organization of tenants beginning over fifty years ago. It also has a form of organization which this book does not touch upon at all: a cooperative for the production of housing based on the trade unions in the construction industry.

In Norway, about 20 per cent of all dwellings built since the Second World War are cooperative, and in the capital city, Oslo, the proportion is about 50 per cent. Norwegian housing cooperatives, in a nation with half the population of Ontario, produce about 6000 dwellings a year.

It is remarkable too that in the countries of eastern Europe there is a definite trend away from State housing to cooperative housing, with financial backing from the State. In Poland, for example, most of the housing immediately after the war was public housing, but a new housing policy initiated in 1957 shifted the emphasis towards cooperatives and now as much as 75 per cent of the new housing in Warsaw and other Polish cities is cooperative.

In Austria, to take another example from Europe, cooperative housing has shown rapid gains. A recent report from that country says that "non-profit organizations have become the dominant factor" in the housing industry. Moreover, it states that "flats built by non-profit enterprises are far superior in quality."

Finally, it is highly significant that new housing policy and

**SINGLE, DETACHED HOMES**

Practically all continuing housing cooperatives in Canada are some form of multiple housing but a few, where land costs and other factors permit, are single detached houses. This picture shows a few of the 37 houses under construction for Bracken Heights Housing Cooperative in Squamish, B.C.

legislation in Britain are strongly in favour of housing co-ops and the formation of a national organization to encourage and promote them. Britain, the cradle of consumers' co-ops, already had a large and nationally known Cooperative Building Society, which however is an organization for financing housing, but not for cooperative housing. Now, housing authorities and co-op leaders are beginning to move rapidly into cooperative ownership of multiple housing in a number of cities.

It should be stressed here, however, that the proper formula for cooperative housing in Canada cannot be based entirely on models from other countries, not even the Swedish system, which has often been quoted and admired by Canadian observers. We must fashion an indigenous system which borrows some features from other lands but is largely based on Canadian traditions, experience, aspirations and needs. Indeed, housing co-ops in Canada are already uniquely Canadian.

The Pre-conditions for Development

Enough has been said to emphasize that the development of good housing cooperatives is not an easy task, and so we should not expect to see the flowering of a strong movement without certain pre-conditions that together spell action, achievement and success. The six needed to get the idea of continuous housing co-ops off the ground are:

Information and education. First and above all, there must be massive dissemination of information on cooperative housing. People are not going to be eager to form or join a housing co-op if they don't know what it is and how it operates. Barbara Ward in her book *The Rich Nations and the Poor Nations*, said "... people do not begin to act in new ways until they have formulated the ideas of them in their minds." ... "It is simply a fact of human nature that you do not get what you do not want, and you do not work for what you cannot imagine."

The necessity of information and education for housing officials is just as urgent as for consumers and the general public. There can be no great development as long as there are insurmountable roadblocks set up by officials who continue to harbour quaint and outlandish

notions about housing co-ops.

Sponsorship. Until cooperative housing becomes a movement capable of generating its own power and dynamics from within, it will need friends in places of power and influence. Let us bear in mind that every innovation in housing —whether highrise, row housing, public housing, condominiums, mortgage insurance, house warranties or building codes— came about as a result of influence, lobby and pressure from those who wanted it. The sponsors who will promote housing co-ops are those who favour non-profit housing, decent housing for people at all income levels, housing from the consumer viewpoint and housing as a basic component of social development. Social planning councils, labour unions, credit unions and other cooperatives, churches and citizens in neighbourhood groups have been the main sponsors of cooperative projects, and their continuing interest and influence will be needed for as far as we can see into the future.

Technical assistance. There must be numerous resource groups available to cooperatives within the major urban areas with the technical skills, experience and knowhow for putting projects in place, directing rehab projects and generally acting as the experts to translate ideas into dwellings. In the beginning, these were generally known as “mother societies” but more recently they have been called “community resources organizations”, and their emphasis is on technical and management capability rather than simply organization. Whatever they are called, there will be no strong and lasting development of co-ops without them. Cooperative housing will need to have a body of competence and experience available to provide the drive and knowhow that developers provide for the private housing industry.

Legislation. In modern society certain changes cannot be made or developments take place without enabling legislation. In some aspects of housing, innovative schemes cannot be tried without first having a basis in law. The condominium form of housing is an example: it had to wait for provincial legislation to be enacted, beginning in Alberta and British Columbia in 1967. As already explained, the development of continuing housing co-ops that would accommodate low-income people was seriously handicapped for several years because there was no appropriate section of the National Housing Act for them until

1973. But it would be a mistake to consider the Act as amended in 1973 to be perfect and final.

There are at least four requirements to be met in cooperative housing legislation: (1) It must provide for the normal operation of cooperative principles; (2) it must reflect the concept of non-profit as seen by housing co-ops; (3) it should ensure that co-ops are not at a financial disadvantage by comparison with other housing programs; and (4) it should recognize the necessity for matching federal and provincial legislation so they are not in conflict.

Government policy. Legislation is one thing, government policy another. Legislation says what may be done; policy says what will be done. Legislation enables a government to act, but policy of the government in power provides the budget necessary to make legislation operative. There are examples in Canada of assistance for housing co-ops being shut off by a change in government. In Ontario we have the example of a provincial government denying funds earmarked for the promotion of non-profit housing while making grants for home ownership that can give \$1000 free to an individual towards the purchase of a house costing over \$100,000. This is housing policy with a vengeance against those who can afford no home at all.

Furthermore, government policy that gives assistance to one program is not very helpful if more generous aid is given to a rival or parallel program. For example, the policy which gives a clear preference to programs for individual ownership over those for cooperative ownership cannot be said to favour co-ops but instead puts them in an inferior position. Thus, the AHOP program of the federal government over several years has given the prospective home-owner a financial advantage over the person wishing to join a non-profit housing co-op, even though the latter was forgoing the prospect of making a gain on his accommodation by selling it and thus was helping to cool the fires of inflation.

Similarly, in the matter of land for new projects, official policy cannot be said to favour co-ops if it advertises parcels of land available from provincial landbanks specifically for condominiums or private rental projects while making no reference at all to the availability of land for non-profit housing. Generally speaking and by comparison with other

programs, continuing housing co-ops in Canada have not basked in the sun of government favour and generosity during their first decade.

Building a movement. Finally, an essential pre-condition for housing co-ops is the will and determination to create a strong voluntary movement, drawing support of course from government when necessary, but relying mainly on power and resources generated from within. If it is to be a dynamic people's movement, cooperative housing must build its own organizational structure, at the municipal, provincial and federal level; spell out its goals and set its objectives; carry on a vigorous educational program and produce its own literature; conduct its own training programs, especially in the field of management; work closely with other organizations in the cooperative sector of the economy, especially in the field of finance; and above all, make a major but unique contribution to the solution of national housing problems, doing things which neither government nor private-profit industry is able and likely to do.

Summing Up

This book has been an attempt to see Canadian housing from the viewpoint of people in need, and people from the viewpoint of their housing and living environment; to examine the gaps in our national housing programs from the standpoint of the possibility of cooperative action to fill them; and to sketch in broad outline the benefits and advantages that may be secured by a vigorous system of housing cooperatives.

It was stated in the beginning that there is much to admire in Canadian housing today: a high proportion of Canadians are among the best housed people in the world. But at the same time, all is not well: a good proportion of the people are either in trouble or getting into trouble over housing, and many, especially the poor and disadvantaged minority groups, have been in trouble for a long time.

The shortcomings and deficiencies in Canadian housing constitute a strange illness in society, for we recognize the symptoms and know the cure but often refuse to take the medicine. We know, or ought to know, the extent to which private land-holding and profiteering on land have come between people and housing, but we are reluctant to change the land system because it is enormously

profitable for so many. We know, or ought to know, that the single-family, detached house on its own lot is a costly and wasteful form of housing, but we hesitate to turn away from an old mistress, even though she is too expensive to maintain any longer. We know, or ought to know, that the market system cannot provide housing for all, any more than it can provide education or adequate health services for all, but we cling to it as a tribal custom or religious revelation. We know, or ought to know, that concentrating low-income people into large public housing projects only worsens and multiplies the problems of the poor, but planners and officials continue to reject the idea of making public assistance for housing invisible in the way it is invisible for education and hospital care. We know, or ought to know, that highrises are a monstrous form of dwelling for families with children, but we continue to build them as if erecting temples to placate some god.

The market system, private-profit business and the law of supply and demand have been good for many under Canadian skies, no doubt about it. But it is difficult to understand why government should go to such great lengths to bolster and buttress this system with public support when it is so capable of looking after itself. Much of the government housing policy over the past twenty-five years has been directed towards coaxing and cajoling the housing industry and conventional financiers into doing what they don't want to do because it isn't profitable for them. Much of the time of government officialdom has been spent in trying to think up new ways to motivate entrepreneurs into undertaking programs in which they are really not interested in the first place.

All of which points to the need for a new orientation in thinking and policy: government and its planners have to give undivided attention to developing and financing a non-profit system, what we call the Third Sector in housing. The situation has for a long time been calling for some lateral thinking in housing: the solution lies not in more and more of the same thing that is staring us in the face, but in new ways and innovative approaches that are off somewhat on the side, one of which is the cooperative way. Subsidies in the hands of the producers and the industry are an outworn and discredited way of supplying housing for the people who need help; a little lateral thinking would suggest that we subsidize consumers instead. Similarly it is difficult to understand why government and its think-tanks

should have hit upon the idea of the Registered Home Ownership Savings Plan (RHOSP) in order to benefit the affluent in society who can save \$1000 each year, when they are so unimaginative in thinking up new schemes for assisting those who will be hard pressed to save \$1000 in their whole lifetime.

But though government policy and assistance will be very important, and in some respects essential for a robust development of cooperative and non-profit housing, its future will depend finally on non-official action and the determination of people in neighbourhood groups to take a piece of destiny into their own hands and shape it as they will. Good housing co-ops will not result from the drawing-boards and offices of high-level social planners, but rather from the deliberations of ordinary people and the image they have of their own power and capabilities.

Now that continuing housing cooperatives have proved themselves in a modest way in Canada, future progress is largely a matter of multiplication: repeating the prototype over and over again, with various modifications to suit people and places. Let us conclude with examples taken from two of Canada's largest cities, Vancouver and Montreal.

The Vincent Massey Awards, named for the first Canadian-born Governor General, are sponsored jointly by the Massey Foundation, the Canada Council and Central Mortgage and Housing Corporation, and are given for projects of various kinds which, in the opinion of the sponsors and a jury selected for the purpose, "made significant and humane contributions to Canadian urban life." In 1975, one hundred entries from across Canada were submitted as deserving awards, and of these 31 were selected as finalists. Then a jury of five experts made the final selection and named eight for Awards and six for Special Mention. DeCosmos Village in Vancouver received an Award and Point St. Charles Cooperative in Montreal a Special Mention. The decision of the jury:

DeCosmos Village

"DeCosmos Village is a cooperative housing development which combines the cost-saving participation of the members with superb grounds, particularly for small children.



ROCHDALE PLACE, VICTORIA

Securing suitable land has been a major problem for housing cooperatives in most cities in Canada. The land for Rochdale Place in the capital of British Columbia was purchased from the City of Victoria by the provincial government and made part of the provincial landbank from which the co-op leased the land.

"While the housing is relatively low cost by comparison to the current Vancouver market, the design of the neighbourhood is warmly attractive and the residents obviously enjoy what they have. This is a cooperative which worked well and still does. Behind it lies the support and cooperation of church, labour, city and CMHC. Internally some units are subsidized, making possible a range of low to middle incomes. The cooperative spirit carries on in the design, care and maintenance of the children's playgrounds. These are integrated into the natural setting in a way which is both creative and respectful of nature as a unique aspect of an urban environment.

"The play spaces are typical of the neighbourhood design which integrates the automobile unobtrusively, preserves wooded areas, achieves a reasonable density and provides a pattern of connecting walks and curved narrow roadways. The village is an invitation to family living."

Pointe St. Charles Cooperative

"This is a cooperative rehabilitation project in a low-income section of Montreal where an heroic effort has been made to find a housing solution for low-income people.

"The rehabilitation has been carried out at the minimum level required to make run-down buildings acceptable for family living. The tenants have been participants in the decision-making process. They have achieved a result which is not economic in the sense of covering all costs with rent, but the solution may be an attractive alternative to other uneconomic housing such as new public subsidized units.

"The degree of public subsidy which should go into cooperative, rehabilitated, older housing is an issue which was not concluded when the jury visited Pointe St. Charles. In that sense this project may be seen as incomplete. On the other hand, the serious pioneering effort to find a new way to house low-income urban Canadians warrants special mention."

— from *Habitat* (Vol. 19, No. 1 and 2, 1976)
Bi-monthly journal of CMHC

The future of cooperative housing in Canada's major centres will depend on how many groups of people across the country are able to multiply projects like these over and over again. The best propaganda, as always in the field of cooperation, is the quiet example of successful organizations.



CO-OPS ARE PEOPLE

A housing cooperative is a group of homes owned and operated by the people who live in them. These people, the members of the co-op, are responsible as owners for the management and use of the housing and property. They carry out their duties through active participation in the affairs of the co-op and by reaching decisions through the democratic process.

Appendix

APPLICATION FOR MEMBERSHIP

Name.....Age.....Occupation.....
Address.....Telephone.....

General by-laws, Article 3 - Membership

- Sec. 1 Membership in the Co-operative shall be open to all persons 18 years of age and over who are in agreement with the purpose and objects* of the Co-operative and whose written application for membership on the form provided for that purpose, accompanied by the prescribed non-returnable membership fee has been approved by the directors.
- Sec. 2 The membership fee is a yearly fee of .
- Sec. 3 The directors may refuse to accept any application for membership without giving reasons and if the application is not accepted any payment forwarded with it shall be refunded without interest.

* PURPOSE & OBJECTS

The PURPOSE of the Co-operative is to provide quality housing through the NON-PROFIT, CONTINUING CO-OPERATIVE HOUSING PRINCIPLE.

The OBJECTS of the Co-operative, as in the Articles of Incorporation, are:

- (A) To provide residential accommodation of any class or kind on a co-operative basis
- (B) To construct, operate, maintain, and improve and to buy, own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary or incidental to the provision of such housing;
- (C) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of providing such housing;
- (D) To become a member of any association or corporation having objects altogether or in part similar to those of the Co-operative or carrying on any business activity capable of being conducted so as to directly or indirectly benefit the Co-operative; and
- (E) To encourage and promote a better understanding of co-operative principles and to contribute to the betterment of the community at large.

It is understood that in applying for membership in

, I am in no way committed to become a resident of the Co-operative.

I enclose for membership for the present fiscal year.

I, the undersigned, hereby apply for membership in

Date..... Signed.....



CO-OPERATIVE HOUSING FOUNDATION OF CANADA
FONDATION DE L'HABITATION COOPÉRATIVE DU CANADA

111 SPARKS STREET, OTTAWA, CANADA K1P5B5 (613) 234-9584

NOTES ON "CO-OP RULES"

The Housing Agreement states that all members must abide by the Rules of the Co-operative. Rules are formulated for the protection of individual member's rights, to clarify division of responsibilities and to create a well run community in which all members can enjoy living.

Rules may be formulated in a variety of ways (by questionnaires, a committee, experience over time, etc.) but in all cases the final approval rests with the members. Rules do not become effective until approved by a majority of the members.

Rules will vary from co-op to co-op depending on such factors as the members' wishes, the type of housing (row, detached, etc.), the density of the community, whether or not there is a community center, and the type of community (family, senior citizen, etc.). The following points cover some of the general items which might be considered when formulating rules.

1. Care and Protection of Property - Who is responsible for repairing damages? Who pays for appliance repairs? Can members put fixtures (eg. awnings) on the exterior of the home? Can members use nails to hang pictures? What type of wall paper is acceptable? Can members remove trees or shrubs or can they plant more of them?
2. Safety - Who is responsible for snow and ice removal from walks? Can members do their own alterations or repairs to the electrical wiring?
3. Nuisance - Are there any restrictions on noise? Are parents responsible for children's activities in public areas? Are there any controls on loitering in common facilities?
4. Sanitation - Where does the member put the garbage and in what type of container? Who cleans up litter on the ground? Is food allowed in common areas?
5. Upkeep - How often do members have to redecorate the interiors? What materials can be used? Who cares for common areas? Does the co-op hire maintenance staff or is there to be volunteer work?
6. Parking and Storage - Where do members and visitors park? How many spaces does each member have? Is there storage space for trailers, boats, etc? Where does the member store tools, bicycles, etc? Can a member put up a tool shed?
7. Conservation of Energy - Is the member expected to conserve energy by lowering the thermostat, etc?
8. Pets - Are pets allowed in the co-op and if so, which? Must pets be kept indoors, tied up or can they run free?
9. Compensation for Improvements - Is there to be compensation? If so, how much for various types of improvements? When is it to be paid? What type of improvements are permitted and what materials can be used? What is the process for getting approval for improvements?
10. Recreation areas - In which areas can there be active recreation (baseball, etc.)? Are there any specific rules for special equipment (pools, etc.)?
11. Complaints - What is the process for filing complaints and how are they to be handled?



CO-OPERATIVE HOUSING FOUNDATION OF CANADA
FONDATION DE L'HABITATION COOPÉRATIVE DU CANADA

111 SPARKS STREET, OTTAWA, CANADA K1P 5B5 (613) 234-9584

BY-LAWS FOR A CONTINUING HOUSING CO-OPERATIVE

By-laws are important in that they structure and guide the day to day functioning of the Co-operative. The by-laws are subject to the Articles of Incorporation of the Co-operative and the Co-operative Corporations Act, 1973 (Ontario only). In no way can they contradict either of the above. In provinces other than Ontario, the by-laws must follow the respective provincial legislation.

By-laws of housing co-operatives vary from project to project depending on each project's specific goals and needs. However, these "typical" by-laws can be used by most co-operatives. They can be adopted in the early organizing stages of the group and then amended if and when required. The amendment process is quite simple.

The following notes cover specific Articles and Sections in these "typical" by-laws. Other sections are "standard" and need very little alteration or clarification in most cases.

- 1.2 This section does not have to state the street address. It need only state the municipality (eg. the City of Ottawa in the Regional Municipality of Ottawa-Carleton).
- 1.3 Fill in the corporate name of the Co-operative in this section.
- 3.2 The fee can either be an annual fee or a life-time fee but it must agree with the Articles of the Co-operative. An annual fee of \$2.00 or \$3.00 is recommended.
- 4.2 Three months after the end of the fiscal year is a good length of time, but the act allows for 15 months between annual meetings.
- 4.10 A reasonable quorum should be set. Perhaps "10% or 20 members..." is a good quorum. However, a larger turnout is desirable and should be encouraged.
- 4.11 60 minutes is usually the time period used, although 30 minutes might be sufficient in both cases, or at least in the latter case.
- 5.1 The number of directors should agree with the Articles of the Co-operative but in fact may be changed at any time without altering the articles.
- 5.3 This section should state the length of director's terms, whether there is election with rotation, and the conditions placed on re-election. If the Board has 9 directors, a 3 year term, election with rotation and no restriction on re-election, the section could read:

At the first annual meeting 9 directors shall be elected, the 3 receiving the highest number of votes to serve for 3 years, the 3 next in order in respect of votes to serve for 2 years, and the remaining 3 to be elected to serve for 1 year, or until their successors are elected. At each annual meeting thereafter directors shall be elected to fill the positions of those whose term is about to expire and each so elected shall serve for 3 years, or until his successor is elected. Directors shall be eligible for re-election.
- 5.8 Monthly Board Meetings are probably the best frequency. In the early stages more meetings may be required but this need not be put into the by-laws.
- 5.9 A minimum number should be set here (eg. "a majority of ..." or "3") so that meetings are not called by one person for any reason.
- 5.10 A long notice period is not required. 2 or 3 days may be sufficient.
- 5.11 This can be worded either by "a majority of ..." or by a fixed number (eg. 5 if there are 9 directors). The fixed number ensures that a certain number of directors need be present even if there are vacancies on the Board. The Act sets some limitations on this.
- 5.14 According to the Act, an Executive Committee can only be appointed if there

are more than 6 directors.

- 6.1 The Co-operative may define other officers (eg. Chairman of the Board) or combine or delete some of the mentioned offices. However, a President and a Secretary are required by the Act. Only the President need be a director.
- 7.1 The minimum member loan here must be the same as in the Articles of the Co-operative. The rate of interest is presently limited to a maximum of 8% by the Act. However, since you are only paying your own interest through the Housing Charges, no interest on member loans may be advisable.
- 7.4 The interest rate is not limited here but remember that you will only be paying yourselves. Perhaps a maximum could be stated to maintain some limits.
- 16.1 The recommended fiscal year is a calendar year. Thus it will terminate on the 31st day of December in each year.
- 19.1 This Article allows the Co-operative's directors to offer support to other
- 19.2 sector activity (based on the principle of co-operation between co-operatives). Section 1 concerns activities in the sector as a whole. Section 2 concerns activities directly involving the Co-operative. A typical maximum could be \$1.00 per home per month for each section.
- 20.1 An Advisory Board is recommended in most instances to gain "moral" support and to have access to advice in many fields possibly not represented on the Board of Directors (eg. political, legal, construction, management). The members should be supporters of and interested in the co-operative way of providing housing.



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NOTES ON THE "HOUSING AGREEMENT"

The Housing Agreement is one of the most important documents for a continuing housing Co-operative. The traditional lease should not be used. It should be replaced by this new type of housing agreement which incorporates co-operative terms and which protects both the Co-operative and the individual member-resident. This type of agreement must be easy to read and understand and should clearly indicate the rights and responsibilities of the individual and of the Co-operative (members as a whole). It should also stress the importance of the member subscribing to and obeying the Rules of the Co-operative (which are democratically decided upon by the membership).

Specific Points to Consider

- The blank space in front of "Loan Certificates" should have the Co-operative's name, as it appears on the loan certificate. Depending on whether the Co-operative has loan or share capital, the inappropriate term should be deleted.
- The blank space for the home should be filled in with the full address of the home for which the Agreement is being signed.
- Article 7 - The Co-operative must decide if there will be compensation for alterations and improvements. If there will be compensation it could result in new members having to face a large 'fee' for moving in to cover the compensation awarded to the previous member. Many co-operatives do have minimal compensation and in that case there should be a policy which sets out the maximum compensation for various alterations prior to any being made. This should be incorporated into the Rules of the Co-operative.
- Article 12 - This article requires that all occupants of the home who are 18 years of age or over must be members of the Co-operative. If this is not the case, this article must be altered. In the case where some of the homes are occupied by non-members it might be worth leaving this article and using a standard or revised lease for the homes with non-members.
- Article 23 - This article may be extended to restrict succession and to describe who may continue to occupy the home upon the death of a member. However, if all adult residents are members of the Co-operative, succession will occur without a problem since the remaining members can continue to reside in the home.

ADDITIONS OR ALTERATIONS TO THE HOUSING AGREEMENT:

The space provided after Article 23 is for any additional articles required by specific provincial or municipal laws or even for special articles the Co-operative wishes to add. "Attachments" (as in insurance policies) may also be used. However, all alterations to any existing articles or any additions should be initialed by all signers of the Agreement.

THIS HOUSING AGREEMENT made the

day of

19

BETWEEN:

(Referred to as the "Co-op")

and

(Referred to as the "Member")

Where more than one Member is signator to this Agreement it is understood that all are jointly and severally responsible under the Agreement. It is further understood that violation of the Agreement by one Member shall be deemed violation by all Members and that notice by the Co-op to one Member shall be deemed to be notice to all Members. Where the masculine form is used in reference to a member it is to be interpreted in the feminine gender where applicable and the word "member" shall be understood in the singular or plural as it may apply.

WHEREAS the Co-op owns and operates housing on the non-profit co-operative principle for occupancy by its Members; and

WHEREAS the Member is owner of, or has subscribed for

Loan Certifi-

cates/Shares in the amount of

THEREFORE in consideration of the terms of this Agreement and information given by the Member on his application, the Co-op hereby offers to the Member and the Member hereby accepts the personal right of occupancy of the home known as

(referred to as the "home") upon the terms and conditions set forth in this agreement, any Incorporation documents, any By-laws and any Rules of the Co-op now in effect or hereafter adopted by the Co-op from the date of this Agreement until its termination.

Article 1. Monthly Housing Charges

Commencing at the time indicated in Article 2, the Member agrees to pay the Co-op at its office, or to such other person at such other place as the Co-op may from time to time in writing designate, a monthly sum to be called "Housing Charges" which will be the Member's fair share of the sum required by the Co-op and estimated by the Board of Directors to meet its annual expenses, including but not limited to the following items:

- (a) The cost of all operating expenses of the Co-op and services provided;
- (b) The cost of management and administration;
- (c) The cost of taxes and assessments which the Co-op is required by law to pay;
- (d) The cost of any insurance which the Co-op may carry;
- (e) The cost of providing water, garbage and trash collection, snow removal, electricity, heat and other utilities if provided by the Co-op;
- (f) All reserves set up by the Board of Directors,

including operating reserves and reserves for replacement;

- (g) The estimated cost of repairs, maintenance and replacements of the properties owned by the Co-op;
- (h) The amount of principal and interest and mortgage insurance premiums on mortgages, debts and obligations of the Co-op; and
- (i) Any other expenses of the Co-op approved by the Co-op, including deficiencies, if any, for prior periods.

The Board of Directors of the Co-op shall, from time to time, determine the "Housing Charges", upon such formula consistent with the By-laws and Objects of the Co-op. The Co-op shall provide the Member with 30 days notice of any change in the Housing Charge.

The Member recognizes that the Co-op has entered into agreements with various levels of government and their agencies which require the disclosure of incomes of the members and the

Member agrees to provide such proof of income and other information as the Co-op may require from time to time to comply with such agreements.

Where the Member is receiving a Provincial Rent Supplement, the amount of the Monthly Housing Charge shall be in accordance with the provincial rent-to-income scale and it is agreed that the same is subject to change at any time to reflect a change in the Member's gross income or family composition, upon written notice to that effect sent to the Co-op and the Member by the Province.

Article 2. Commencement of Payment of Housing Charges

After 30 days notice by the Co-op that the home is available for occupancy, or upon acceptance of occupancy, whichever is earlier, the Member shall make a payment for Housing Charges covering the unexpired portion of that month. Thereafter, the Member shall pay Housing Charges, in advance, on the first day of each month.

Article 3. Refunds

The Co-op agrees to credit or refund to the Member within 90 days after the end of each fiscal year such sums which are in excess of the amount needed for expenses of all kinds, including reserves.

Article 4. Right to Peaceable Possession.

In return for the fulfillment of the terms of this Agreement, the Co-op promises that the Member, during his period of occupancy, may enjoy sole use and benefit of the described home and may enjoy in common with other members the use of all community property and facilities of the Co-op.

Article 5. Residential Use Only

The described home shall be used as a private dwelling by the Member and his family and for no other use except with prior written consent of the Co-op.

Article 6. Occupancy Restricted

Except by prior written consent of the Co-op the right of occupancy shall be limited to those persons listed on the application form.

Article 7. Alterations and Improvements

The Member shall not, without prior written consent of the Co-op, make any alterations or improvements to the home which may cause the assessed value of the home to be altered. If such approved alterations made by the Member result in increased taxes, such increase shall be added to the Housing Charges of the Member, payable on demand.

If the Member, for any reason, ceases to be an occupant he shall surrender the home to the Co-op in good condition including all alterations, fixtures and improvements. The method of compensation, if any, for improvements shall be that which is prescribed in the Rules of the Co-op.

Article 8. Redecoration

The Member shall paint and redecorate the home according to the prescribed Rules of the Co-op, using materials supplied or approved by the Co-op.

The Co-op agrees to maintain the exterior of the home at reasonable periods as the Board of Directors may from time to time determine.

Article 9. Repairs

The Co-op agrees to provide and pay for necessary repairs, maintenance and replacement except that the Member agrees to repair at his own expense, and to the satisfaction of the Co-op, any damage caused by negligence, misuse or wilful acts of himself, members of his family, guests or visitors.

Article 10. Access

The Member agrees to permit entry to the home by such persons authorized by the Co-op for the purpose of inspection, repair and maintenance upon reasonable notice by the Co-op. If the Member refuses to permit such entry the Co-op may enter the home by use of a master key or by forceable entry as may be deemed necessary, in which case the Co-op shall not be liable for any damages caused.

The Co-op may enter the home during the 60 day period prior to termination of this Agreement for the purpose of showing the home to prospective occupants, provided reasonable advance notice is given to the Member.

Article 11. Rules

The Member agrees that he will abide by the incorporation documents and By-laws of the Co-op and that he and the members of his family, guests and visitors shall observe the Rules of the Co-op which are in effect at the time and any amendments thereto.

Article 12. Co-op Membership Required

No person of age 18 years or older who is not a member in good standing of the Co-op may continue to occupy a home, or reside in the Co-op for a period of more than 30 days.

If, for any reason, including expulsion from membership, a Member named herein ceases to be a member of the Co-op, this Agreement shall be terminated and notice will be given to him to vacate the home within 30 days. If the Member does not vacate the home the Co-op may enter and remove or cause to be removed from the home the Member or any other occupant or occupants thereof.

Article 13. Cause for Expulsion

Failure of a Member, his family, guest or visitor to comply with the terms and obligations of this Agreement, any By-laws or any Rules of the Co-op in effect at the time may result in charges being preferred against the Member by the Board of Directors.

The Board of Directors will mail or personally deliver

written notice of such charges to the Member at his home in the Co-op accompanied by Notice of a Board Hearing to be held not less than 7 and not more than 14 days from the date of such notice, whereat the Member may answer all charges preferred against him. The Member may be expelled from membership by resolution of the Board of Directors by a vote of the majority of the Directors present at such a hearing provided that a quorum of Directors is present.

The Member may appeal a decision by the Board of Directors in writing to the Secretary within 3 days of the expulsion whereupon the Board shall call a general membership meeting, to be held not less than 7 and not more than 14 days from the date of the appeal, for the purpose of hearing the appeal, at which time the members by majority vote may confirm, vary or set aside the resolution. If a quorum is not present within 30 minutes of the time for which the meeting is called it shall be dissolved and the expulsion shall stand.

Article 14. Liability for Damage or Loss

The Co-op shall not be liable for any damage to property entrusted to employees of the Co-op or loss of the Member's property by theft or otherwise. The Co-op shall not be liable for the death of or injury to persons, or damage or injury to any property resulting from any cause related to Co-op property, its buildings, roadways or installations, and the Member agrees to indemnify the Co-op and save it harmless from any and all liability relating to or arising out of personal injury or death or property damage occasioned wholly or partly by an act or omission of the Member or his family, guests or visitors or any other person permitted on the property by the Member.

Article 15. Damage By Fire

If, in the opinion of the Board of Directors of the Co-op, the home becomes uninhabitable as a result of fire or of any other cause, housing charges shall cease until such time as the home is restored for habitation. If the Co-op decides not to restore the home, this agreement shall be considered terminated, but the Member shall be given the first opportunity to occupy a similar home in the Co-op when it becomes vacant. The Co-op shall not be liable for any delay caused by insurance adjustment, restoration or providing alternate accommodation.

Article 16. No Reduction

There shall be no reduction in Housing Charges and/or any other compensation for inconvenience to the Member arising from repairs, improvements or alterations to the buildings, equipment or appliances except that which results from negligence of the Co-op.

Article 17. Member's Liability for Expense

If the Member fails to perform his obligation under any article of this Agreement, the By-laws or the Rules of the Co-op, the Co-op may without notice perform the same on his behalf at his expense. Should this Agreement be terminated by reason of expulsion due to the non-performance of such obligation, the Member shall pay to the Co-op as liquidated damages all expenses incurred by the Co-op arising from such non-performance

including but not limited to the following:

- (a) All legal fees for instituting, prosecuting and/or defending any action or proceeding arising out of or connected with any default by a Member hereunder;
- (b) The cost of preparing the home for new occupancy;
- (c) The cost of any repairs or redecorating which the Member was liable to perform under this Agreement but which were not performed by him; and
- (d) Housing charges outstanding.

Article 18. Loan or Share Certificates

Upon termination of this Agreement the Co-op shall withhold payment of such monies owing to the Member on any Loan or Share Certificates held by the Member until such time that all costs under the Agreement have been assessed and paid by the Member, and until such time as the Board of Directors authorizes redemption of the Loan or Share Certificates under the terms of the By-laws.

Article 19. Subordination Clause

This Agreement is subordinate to all Mortgages which may now or hereafter affect the Real Property of which the named home forms a part or to any lease agreement on the land on which the home is situated. The Member hereby agrees to execute at the Co-op's expense any instrument which the Co-op or any lender may deem necessary or desirable to effect the subordination of this Agreement to any such lease or mortgage and the Member hereby appoints the Co-op and each and every officer thereof, and any future officer, his irrevocable attorney during the term of this Agreement to execute any instrument on behalf of the Member. The Member does hereby expressly waive any and all notices of default and notice of foreclosure or other legal action of such ground lease and any mortgage which may be required by law. In the event a waiver of such notice is not legally valid, the Member does hereby constitute the Co-op his agent to receive and accept such notice on the Member's behalf.

Article 20. Oral Representation Not Binding

No Representation other than those contained in this Agreement, any Incorporation documents, By-laws and Resolutions of the Co-op shall be binding upon the Co-op and any hereafter made shall be ineffective to change, modify or discharge this Agreement in whole or in part unless such agreement is in writing and signed by the parties against whom enforcement of the change, modification or discharge is sought.

Article 21. Expropriation

If the whole or any part of the home shall be taken or expropriated by any competent authority, the member's right to occupy the home shall cease and this agreement shall be terminated on the date when the right to possession of the part so taken shall be obtained by the expropriating authority. Housing charges shall be paid up to that time, but no further housing charges shall be due thereafter except for housing charges in default at that time.

HOUSING YOU CAN AFFORD

Article 22. Termination of Agreement by Member

This Agreement may be terminated at any time by mutual consent of the Member and the Co-op, or by the Member upon his giving 60 days notice in writing to the Board of Directors of the Co-op, provided the Member has fulfilled all obligations under this Agreement.

Article 23. Succession

This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and authorized assigns.

IN WITNESS WHEREOF the Member has hereunto set his hand and seal, and the Co-op has hereto affixed its corporate seal attested by the hands of its duly authorized officers the day and year first above written.

President

Signed, Sealed and Delivered
—in the presence of—

Secretary

Witness

Member

GENERAL BY-LAWS OF

BE IT ENACTED as a by-law of

as follows:

ARTICLE 1 — GENERAL

1. The purpose of the Co-operative is to provide quality housing through the non-profit, continuing co-operative housing principle.
2. The head office of the Co-operative shall be located in the _____ of _____ in the _____ and at such place therein as the directors by resolution may determine.
3. The seal of the Co-operative shall have inscribed thereon the words "_____" and the seal impressed in the margin of these by-laws is hereby adopted as the seal of the Co-operative.

ARTICLE 2 — INTERPRETATION

1. In these and all by-laws of the Co-operative, words importing the singular include the plural and vice-versa, words importing the masculine gender include the feminine gender and words importing persons include corporations. The word "Act" means the Co-operative Corporations Act, 1973 and any Act that may be substituted therefor or as from time to time amended.

ARTICLE 3 — MEMBERSHIP

1. Membership in the Co-operative shall be open to all persons 18 years of age and over who are in agreement with the purpose and objects of the Co-operative and whose written application for membership on the form provided for that purpose, accompanied by the prescribed non-returnable membership fee has been approved by the directors.
2. The membership fee is a yearly fee of _____.
3. The directors may refuse to accept any application for membership without giving reasons and if the application is not accepted any payment forwarded with it shall be refunded without interest.
4. Membership in the Co-operative shall not be transferable unless authorized by the Board of Directors.
5. A member of the Co-operative may withdraw from membership by giving to the Board of Directors, in writing, six months notice of his intention to withdraw.
6. A member of the Co-operative may be expelled from membership for cause by resolution of the Board of Directors. The Board shall give notice of the intended expulsion to the member accompanied by Notice of a Board Hearing to be held not less than 7 and not more than 14 days from the date of such notice, whereat the member may answer all the charges preferred against him. The member may be expelled from membership by a resolution of the Board by a vote of the majority of the Directors present at such a hearing provided that a quorum of Directors is present. The member may appeal a decision by the Board of Directors within 3 days of the expulsion in writing to the Secretary, whereupon the Board shall call a general membership meeting, to be held not less than 7 and not more than 14 days from the date of the appeal, for the purpose of hearing the appeal, at which time the members by majority vote may confirm, vary or set aside the resolution. If a quorum is not present within 30 minutes of the time for which the meeting is called it shall be dissolved and the expulsion shall stand.

ARTICLE 4 — MEETINGS OF MEMBERS

1. All meetings of members shall be held at such place as the directors may determine.
2. The annual meeting of members for the election of directors and the transaction of any matter relevant to the affairs and business of the Co-operative shall be held not later than _____ months after the end of each fiscal year.
3. The directors may call a general meeting of members at any time for the transaction of the business specified in the notice calling the meeting.

4. (a) Five percent of the members of the Co-operative may requisition the directors to call a general meeting for any purpose connected with the affairs of the Co-operative that is not inconsistent with the Act.

(b) The requisition shall state the general nature of the business to be presented at the meeting and shall be signed by the requisitionists and deposited at the head office. It may consist of several documents in like form, each signed by one or more of the requisitionists.

(c) Within 30 days of the deposit of the requisition the directors shall call and hold a general meeting for the purpose stated in the requisition and if the directors fail to do so any of the requisitionists may call the meeting which is to be held within 60 days from the deposit.

(d) A meeting called under this section shall be called as nearly as possible in the same manner as any other meetings of members.

5. Notice of any meetings of members shall be personally delivered or sent by prepaid mail addressed to each member at his address as entered in the books of the Co-operative, at least 10 days but no more than 30 days before the date of the meeting. The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted.

6. When notice is generally received by the members, the accidental omission to give notice to a member or the non-receipt of notice by a member shall not invalidate the proceedings of any meeting.

7. A member shall have only one vote at any meeting and voting by proxy is not permitted, except that a corporate member may appoint under its seal one of its directors or officers to attend and vote on its behalf at meetings of members.

8. Where two or more persons share the same membership, any one present at a meeting of members shall have the right to vote in the absence of the other(s), but if two or more are present they shall vote together as one on the membership they share.

9. Unless a ballot is demanded and taken in such manner as the chairman decides, a by-law or resolution put to vote shall be decided by a show of hands. The chairman, as a member, shall be entitled to vote on all questions but shall not have an additional vote in the event of a tie, in which case the motion shall be declared lost.

10. per cent of the members or members, whichever is the lesser, present in person, shall constitute a quorum for all meetings of members.

11. If at any meeting of members a quorum is not present within minutes of the time for which the meeting is called, the meeting, if convened upon a requisition, shall be dissolved, and in any other case the presiding officer shall adjourn the meeting to a date not less than 7 and not more than 15 days thereafter. Notice of the adjourned meeting shall be given not less than 5 days before the date of the meeting. At the adjourned meeting the members present shall form a quorum.

ARTICLE 5 — BOARD OF DIRECTORS

1. The Co-operative shall have a Board of Directors to manage or supervise the management of the affairs of the Co-operative.

2. A director must be a member of the Co-operative or a director or officer of a corporate member. No person who is a regular employee of the Co-operative shall be eligible to be a director.

3. At the first annual meeting directors shall be elected, the receiving the highest number of votes to serve for years, the next in order in respect of votes to serve for years, and the remaining to be elected to serve for years, or until their successors are elected. At each annual meeting thereafter directors shall be elected to fill the positions of those whose term is about to expire and each so elected shall serve for years, or until his successor is elected. Directors shall be eligible for re-election.

4. At a meeting where directors are to be elected, before nominations are called for, a chairman shall be chosen for the purpose of conducting the elections. Nominations shall be on an individual basis and the chairman shall not accept a blanket motion to elect directors until nominations have been closed.

5. Elections shall be by ballot and any ballot containing more or less than the number of names required shall be void.

6. The office of director shall be vacated:

- (a) if he ceases to have the necessary qualifications for office;
- (b) if he becomes bankrupt or suspends payment or compounds with his creditors or makes an authorized assignment or is declared insolvent;
- (c) if he becomes mentally incompetent;
- (d) if he is absent without leave of the directors from three consecutive regular meetings of the Board;
- (e) if by notice in writing to the Co-operative he resigns his office; or

- (f) if by resolution passed by at least two-thirds of the votes cast at a general meeting called for that purpose he is removed from office.
7. When a vacancy occurs on the Board of Directors the Board may appoint a qualified person to fill the vacancy until the next annual meeting when, if the term of office of the original director has not expired, the members shall elect a director to hold office for the remainder of the term.
8. Regular meetings of the directors shall be held _____ on such day as the directors by resolution determine.
9. Meetings of directors shall be held at such place as the directors determine and any _____ directors may call a meeting at any time.
10. Notice of meetings of directors shall be delivered, telephoned, or mailed to each director _____ days before the meeting is to take place, provided that meetings of the directors may take place without formal notice if all the directors are present or those absent have waived notice. In the case of the first meeting of the directors to be held immediately following an annual meeting, or in the case of a director elected or appointed to fill a vacancy on the Board, it shall not be necessary to give notice of such meeting to the new directors in order to legally constitute the meeting.
11. _____ of the directors shall be a quorum at any meeting of the directors.
12. Questions arising at any meeting of directors shall be decided by a majority of votes. The chairman shall have the right to vote on all questions, but shall not have an additional vote in the event of a tie, in which case the question shall be declared defeated.
13. The directors may, by resolution, award special remuneration to any director undertaking any special services on behalf of the Co-operative other than the routine work ordinarily required of a director. No payments shall be made, however, until the members have given their approval at an annual or general meeting called for the purpose. The directors shall also be entitled to be paid expenses properly incurred by them in connection with the business of the Co-operative.
14. The board of directors may appoint an executive committee consisting of not fewer than three and such standing or special committees to carry on such duties as are delegated by the directors.

ARTICLE 6 - OFFICERS

1. The Board of Directors shall annually or oftener as may be required, elect a President and a Vice-President from among themselves and elect or appoint a Secretary, a Treasurer and any other officers and agents as it deems necessary who shall have such authority and perform such duties as the Board prescribes. Any two offices may be held by the same person except those of President and Vice-President. A vote of the majority of the directors shall be necessary for the election or appointment of the officers.
2. The remuneration of all officers appointed by the Board shall be determined by resolution of the Board of Directors. The fact that any officer is a member of the Co-operative shall not disqualify him from receiving such remuneration. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the Board of Directors at any time with or without cause.
3. In the case of the absence or inability to act of any officer of the Co-operative, or for any other reason that the Board deems sufficient, the Board may delegate by resolution all or any of the powers of such officer to any other officer or director for the time being.
4. The President shall, if present, preside at all meetings of members and directors. He shall be ex officio member of all committees appointed by the Board and he shall sign all instruments which require his signature and shall perform all duties incident to his office and shall have such other powers and duties as may be assigned to him by the Board.
5. The Vice-President shall be vested with all the powers and shall perform all the duties of the President in the absence or disability or refusal to act of the President. If the office of President becomes vacant the Vice-President shall act until such time as the directors elect a successor. The Vice-President shall also have such other powers and duties as may from time to time be assigned to him by the Board.
6. The Secretary shall issue or cause to be issued notices of all meetings of directors and members when directed to do so. He shall sign with any other signing officer of the Co-operative any instruments that may require his signature and shall perform any other duties incident to his office or properly required of him by the Board of Directors.
- The Secretary or some other officer specially charged with the duty shall keep or cause to be kept the following records:
- (a) A copy of the articles of the Co-operative;
 - (b) All by-laws and resolutions of the Co-operative;
 - (c) A register of members and security holders of the Co-operative;
 - (d) A register of directors; and

- (c) The minutes of all proceedings at meetings of members, directors and any executive committee. These records shall set out all the information required by the Act.

7. The Treasurer shall have the care and custody of all funds and securities of the Co-operative and shall deposit them in the name of the Co-operative in such bank or depository as the directors determine. He shall at all reasonable times exhibit his books and accounts to any director of the Co-operative upon application at the office of the Co-operative during business hours. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office or that are properly required of him by the Board. He shall be required to give such bond as the Board of Directors may require and no director shall be liable for failure to require any bond or for any loss by reason of the failure of the Co-operative to receive any indemnity thereby provided.

8. The Board of Directors may appoint a manager who shall not be one of the directors of the Co-operative and may delegate to him full authority to manage and direct the affairs of the Co-operative (except such matters and duties as by law must be transacted or performed by the Board of Directors or by the members in general meetings), to employ, discharge and fix the wages or salaries of temporary agents and employees of the Co-operative or it may delegate to him any lesser power. The manager shall conform to all lawful orders given him by the Board of Directors. He shall at all reasonable times give to any or all the directors all information they may require regarding the affairs of the Co-operative.

9. If any office becomes vacant the directors by resolution may elect or appoint an officer to fill the vacancy in accordance with section 1 of this article.

ARTICLE 7 - MEMBER LOANS

1. For the purpose of financing the business of the Co-operative each member applying for residency shall at the time of the acceptance of his Application for Residency, be required to make a member loan to the Co-operative of such an amount as the Board may determine provided that it be at least A member loan may be paid in cash or in any other manner as the Board may determine and with such terms and conditions as the Board by resolution may determine but in no case at a rate of interest greater than that stipulated by the Act.

2. Upon termination of residency of a member, or withdrawal of Application for Residency, the Co-operative may, subject to section 5 of this Article, repay all monies held by the Co-operative to the credit of the member in member or other loans.

3. The Co-operative may deduct from the monies payable to any member all such sums of money as are due from him to the Co-operative and any amount deducted shall be deemed to be payment to the member.

4. The Co-operative may borrow additional monies from the members with interest at a rate set by the membership at an annual meeting or a general meeting called for the purpose.

5. The Co-operative shall have the right to repay member loans or other loans from members in whole or in part at any time aside the maturity thereof without notice or bonus, provided that the Co-operative does not have a deficit on its most recent audited financial statement and provided that such repayment would not in the opinion of the Directors be detrimental to the financial stability of the Co-operative.

ARTICLE 8 - MEMBER LOAN CERTIFICATES

1. As evidence of the indebtedness of the Co-operative to its members, the Co-operative shall issue certificates to be known as "Member Loan Certificates" which shall be in such form and subject to such terms and conditions not inconsistent with the by-laws as the directors may determine. Each certificate shall show on its face the date of issue, the maturity date, and the terms upon which it may be repaid prior to maturity.

2. Member Loan Certificates shall not be transferable without the consent of the Directors.

3. Upon receipt of notice of death of a member, the Co-operative may, subject to Article 7, Section 5, pay to his estate or to his personal representative, within one year, all monies held by the Co-operative to the credit of the deceased member in member loans.

ARTICLE 9 - DISTRIBUTION OF SURPLUS

1. Before any distribution of the surplus arising from the business of the Co-operative in each fiscal year, the Co-operative may set aside such sum as it deems advisable as a reserve fund to be used for such purposes as it deems conducive to the interests of the Co-operative or its members, not inconsistent with non-profit character of the Co-operative. The Co-operative may invest all or part of the reserve fund in such investments as it thinks fit, deal with and vary such investments and dispose of all or any part thereof for the benefit of the Co-operative.

2. The remaining net surplus arising from the business of the Co-operative in each fiscal year shall be allocated, credited, or paid to the members in proportion to the business done by each member with the Co-operative.

3. The distribution of the net surplus shall be determined by resolution of the Board of Directors.

ARTICLE 10 – BORROWING POWERS

1. The directors may from time to time for the purposes of the Co-operative:
 - (a) borrow money on the credit of the Co-operative;
 - (b) issue, sell, or pledge securities of the Co-operative;
 - (c) charge, mortgage, hypothecate, or pledge all or any of the real or personal property of the Co-operative including bank debts, rights, powers, franchises and undertaking, to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the Co-operative.
2. The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Co-operative possessed by its Directors or officers independently of a borrowing by-law.

ARTICLE 11 – AUDITORS

1. The members at each annual meeting shall appoint an auditor who is familiar with co-operative accounting and practice. The auditor when appointed shall hold office until the next annual meeting, and, if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed. If the appointment becomes vacant the directors shall fill the vacancy. The remuneration of the auditor shall be fixed by the directors.
2. The auditor shall at all reasonable times have access to the books, accounts and vouchers of the Co-operative and may require from the directors and officers such information and explanations as may be necessary for the performance of his duties.
3. The auditor shall make a report to the members on the financial statement to be laid before the Co-operative at each annual meeting during his term of office and shall state in his report whether in his opinion the financial statement referred to therein presents fairly the financial position of the Co-operative and the results of its operations for the period under review.

ARTICLE 12 – CHEQUES, DRAFTS AND NOTES

1. All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers or persons whether or not officers of the Co-operative and in such manner as the Board of Directors may designate.

ARTICLE 13 – BONDING OF EMPLOYEES

1. Every officer or employee of the Co-operative who has charge of or handles money or securities belonging to the Co-operative shall be bonded with a surety company selected by the directors for such an amount as the Board of Directors may determine but in no case for an amount less than \$1,000. The Board of Directors may prescribe that any other employee of the Co-operative (whether handling money or securities of the Co-operative or not) shall be bonded in such an amount as the Board may determine.

ARTICLE 14 – CUSTODY OF SECURITIES

1. All shares and securities owned by the Co-operative shall be placed for safe keeping (in the name of the Co-operative) with a bank or such other corporation as may be determined by the Board of Directors.

ARTICLE 15 – EXECUTION OF INSTRUMENTS

1. The Board of Directors shall have power by resolution to appoint any officers or persons, on behalf of the Co-operative, either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing, and all such contracts, documents and instruments in writing so signed shall be binding upon the Co-operative without any further authorization or formality.
2. The seal of the Co-operative shall be in the custody of the Secretary and may when required be affixed to contracts, documents or instruments in writing signed as aforesaid by any officer or person appointed by resolution of the Board.

ARTICLE 16 – FISCAL YEAR

1. The financial or fiscal year of the Co-operative shall terminate on the _____ day of _____ in each year.

ARTICLE 17 – NOTICES

1. The signatures to any notice to be given by the Co-operative may be written, stamped, typewritten or printed, or partly written, stamped, typewritten or printed.
2. All notices with respect to any loans registered in more than one name shall be given to whichever of the persons is named first in the books of the Co-operative and notice so given shall be sufficient notice to all holders of such loans.

3. A certificate of the Secretary, or other duly authorized officer of the Co-operative in office at the time of the mailing of the certificate, as to the facts in relation to the mailing or delivery of any notice to any member, director, or officer, or publication of any notice, shall be prima facie evidence thereof and shall be binding on every member, director, or officer of the Co-operative as the case may be.

ARTICLE 18 — AMENDMENTS

1. These by-laws may be amended, or added to, or repealed in whole or in part by the directors, provided that every amendment, addition or repeal is effective only until the next annual meeting unless confirmed thereat or before, with or without variation, by a two-thirds vote of the members present. If not confirmed, the amendment, addition or repeal ceases to have effect and in that case no new by-law of the same or like substance has any effect until confirmed at a general meeting of members. Members may requisition the directors to amend, add to or repeal the by-laws in the manner provided for in Article 4 Section 4.

ARTICLE 19 — SECTOR SUPPORT

1. The directors may apply for and hold membership in the name of the Co-operative in such third sector support groups or organizations involved in the housing field as are deemed advisable, and at such annual dues as may be established by mutual consent between the Co-operative and the organizations provided that the total of such dues do not exceed _____ per home per _____

2. The directors may levy a charge not to exceed _____ per home per _____ for the purpose of:

- (a) promoting and advertising co-operative housing;
- (b) providing education in the principles and operation of Co-operatives;
- (c) publishing newsletters; and
- (d) researching the feasibility of and establishing ancillary co-operative ventures as are deemed to be conducive to the interests and well being of the Co-operative and its members.

ARTICLE 20 — ADVISORY BOARD

1. An Advisory Board may be appointed by the Board with ratification of the membership at the following annual meeting. Its purpose shall be to review the activities and progress of the Co-operative and to offer advice and assistance. The Advisory Board will meet with the Board of Directors at its own discretion but not less than annually, and with its own membership as often as needed. The members of the Advisory Board shall receive all reports, financial statements and newsletters of the Co-operative.

ARTICLE 21 — DISSOLUTION

1. In the event of dissolution of the Co-operative and after the payment of all debts and liabilities, the remaining property and assets of the Co-operative shall be distributed and disposed of to charitable organizations operating solely within Canada.

ENACTED by the directors this _____ day of _____, 19 _____

President

Secretary

CONFIRMED by a vote of two-thirds of the members present at a meeting called for considering the by-laws, and held on the _____ day of _____, 19 _____

President

Secretary

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Articles and papers by the author.

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Central Mortgage and Housing Corporation, Ottawa.

Cooperative Housing: An alternative for you?

—A description of non-profit and building cooperatives, NHA funding and an overview of the development process.

Social Housing Management

-Bibliography of books and articles on social housing management.

Community Housing:

Start-up Process

Project Development

Construction

Management

—A series of four technical manuals on the development of third-sector projects. (Available on loan from CMHC branch offices.)

From the Rooftops. A monthly newsletter published by Cooperative Housing Foundation of Canada, 111 Sparks St., Ottawa, Ontario K1P 5B5

Introduction to Cooperative Housing by Van Dyk and Whitlock, 1975. Cooperative Housing Foundation of Canada, 111 Sparks St., Ottawa, Ontario K1P 5B5

Government of Ontario. Cooperatives Are for People. Ministry of Consumer and Commercial Relations, 555 Yonge Street, Toronto, Ontario. M7A 2H6

How to run a housing co-op: a board of directors manual. Toronto Non-Profit Cooperative Housing Federation, 25 Eden Place, Suite 100, Toronto, Ontario M5T 2S7; \$7.00 for non-profit organizations, \$10.00 for others.

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